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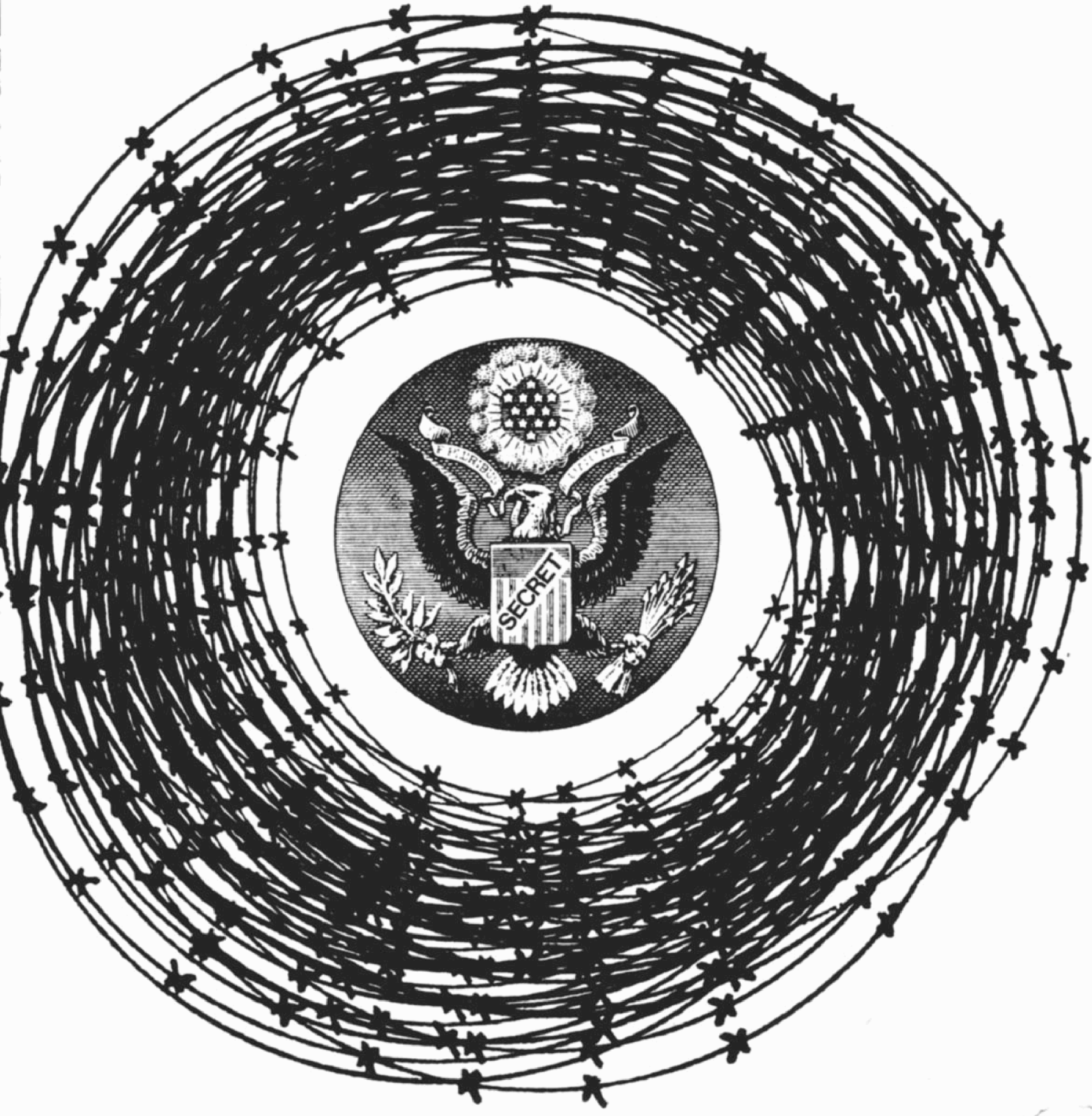

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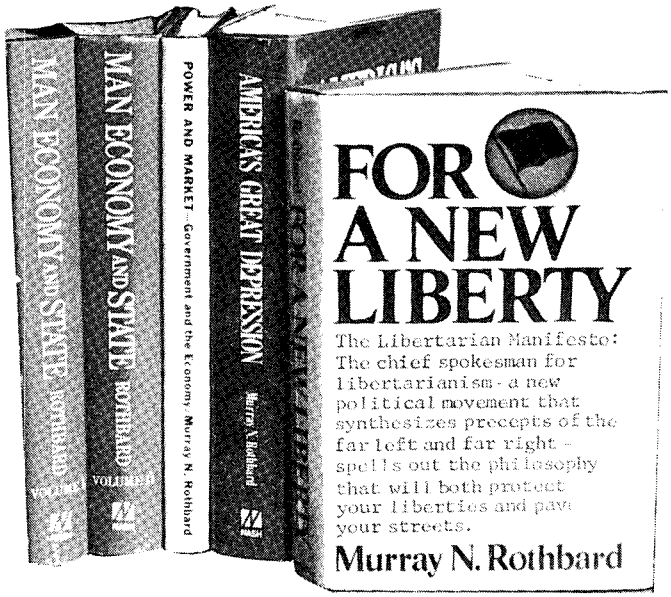
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Adapted from a review in *Books For Libertarians*, April, 1973

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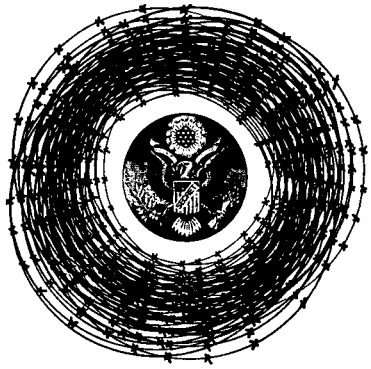
editorial:

The need for truth
By Manuel S Klausner



We go to press this month in the midst of turbulent developments concerning the Watergate scandal. The explosive disclosures – which are emerging on a daily basis – show a flagrant contempt for truth on the part of the highest level officials of the Nixon Administration. After months of complacency, leading Republicans – including Senator Goldwater and Vice President Agnew – have joined the rising chorus critical of Nixon's handling of the Watergate case.

Juxtaposed against the incredible Watergate revelations – which includes the identification of former Attorney General John Mitchell's involvement in the Watergate coverup – is the trial of Daniel Ellsberg in the federal district court in Los Angeles. In criminal proceedings initiated under the direction of John Mitchell, Ellsberg is accused of stealing top-secret government papers concerning the Vietnam war and disclosing information which the Executive Branch sought to conceal from the American public and their elected representatives in Congress.

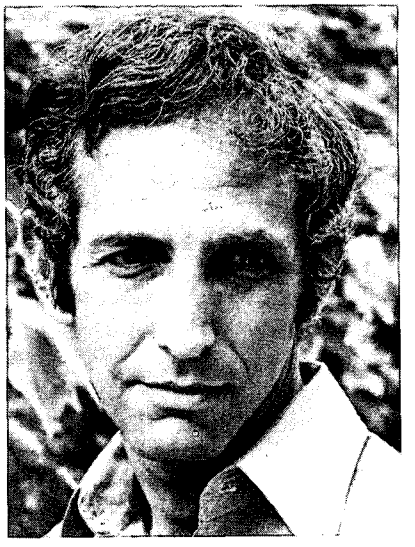
Senator Ervin recently observed that "Throughout history, rulers have invoked secrecy regarding their actions in order to enslave the citizenry." It is disturbing to witness the Nixon Administration's arrogance towards disclosure of "government" information to the public. In the course of the Watergate investigation by Congress, the Nixon Administration has defiantly made a sweeping claim of executive privilege – asserting that Congress has no power to require any of the more than 2,500,000 employees of the Executive Branch to appear and testify before a Congressional committee. At the same time, the Nixon Administration has asked Congress to broadly expand its power to censor information by amending the federal criminal code to make it a crime to disclose classified information – whether or not the classification is at all proper or appropriate.

Both the Watergate case and the Ellsberg trial involve issues of Executive Branch secrecy, hypocrisy and deception. The federal government is spending millions of taxpayers' dollars in its prosecution of Ellsberg for disclosing the government's own study of our Vietnam involvement. Yet an impressive array of defense witnesses – including U.S. Congressmen and Defense and State Department officials – have testified to the strategic unimportance of Ellsberg's disclosure of the Pentagon Papers study. And the Pentagon Papers themselves disclose a disquieting record of deceit and deception practiced by the Executive Branch throughout America's involvement in the Vietnam war.

How has the government reacted toward disclosures of information which should never have been suppressed? One of Ellsberg's witnesses, CIA Agent Samuel A. Adams – who testified that the military had been pressured to juggle figures on the size of enemy forces – was told by CIA officials after his courtroom appearance that he had been declared "excess" on the CIA payroll and he presently stands to lose his job. The same type of reprisal was recently used against A. Ernest Fitzgerald, a Pentagon cost-analyst who was fired from his job after testifying before Congress about cost-overruns on government contracts. Fitzgerald, now chairman of the National Taxpayers Union, recently won a court battle to require an open hearing on his dismissal.

In the wake of the Nixon Administration's attempts to cover up the Watergate wiretapping and to lash out at the press for investigating and disclosing the "hearsay" stories concerning Nixon's re-election committee's criminal conduct, it is no wonder that Americans are becoming cynical as to White House credibility. Still, a goodly number of people tend to harbor a general reverence for politicians once they are elected to public office.

The intellectual prejudice which many have against the free enterprise system has led to a disposition to believe in a virtual omniscience of government officials and a preference to seek governmental solutions to pressing social and economic problems. This prevalent syndrome should be shaken by recent events. Let us hope that the ugly Watergate scandal and the disclosures accompanying the Pentagon Papers trial may cause the American public to shed its gullibility, its blind faith in government and the electoral process. The need now is for the nation to see the truth about the fallibility of those that work within the government, and to perceive the limitations of the institution of government. ◻



Why I did it!
An interview with Daniel Ellsberg concerning government security, government hypocrisy and the Pentagon Papers

INTRODUCTION

On Thursday Evening, February 15, 1973, REASON editor Manuel S. Klausner and Hank Hohenstein travelled to the Ellsberg-Russo Defense Headquarters, to interview Daniel Ellsberg of the now famous Pentagon Papers case, which is still in trial in federal court in Los Angeles as we go to press.

Dr. Ellsberg was indicted June 25, 1971 for his activities in making the Pentagon Papers public. His effort to publicize the Pentagon Papers began in September 1969 with an attempt to have the Senate Foreign Relations Committee hold hearings on the matter. Not meeting with success in the Congress, he turned to the press and in June 1971 the NEW YORK TIMES and other newspapers began to publish excerpts from the papers. In December 1971 a superseding fifteen count indictment was issued which additionally named Anthony J. Russo, a RAND colleague, as codefendant. The major statutes involved in the charges are: espionage, theft of government property, and conspiracy.

Dr. Ellsberg, born in Chicago in 1931, received his degree in economics with highest honors from Harvard College in 1952, followed by a year at Cambridge. He then enlisted in the Marine Corps, served as a rifle company commander and participated in the Mediterranean during the Suez crisis. He graduated number one in his class of 1,100 newly commissioned Second Lieutenants at Basic School, Quantico, Virginia. And, as Hank Hohenstein (also a former Marine) has observed, "Anyone can graduate with highest honors from Harvard, but it takes a very unique person to be number one among officers of Marines."

After leaving the Marines, Dr. Ellsberg returned to Harvard University to become a member of the Society of Fellows and to receive his Ph.D. in economics in 1962. Also during this time he was a strategic analyst at RAND Corporation and a consultant to the Department of Defense. During this period he participated in numerous studies, and was on the Executive Committee of the National Security Council during the Cuban missile crisis. He went to Vietnam in 1965 for the State Department and served on General Lansdale's senior liason team. He then was transferred to become a Special Assistant to Deputy Ambassador William Porter. Hepatitis forced his return to the U.S. in 1967 and he returned to RAND.

Dr. Ellsberg then began working on the McNamara study of U.S. decision making in Vietnam. This study is now known as the Pentagon Papers. In late 1968 he coordinated the development of a range of policy "options" on Vietnam for Henry Kissinger. He also prepared National Security Study Memorandum

No. 1 in 1969, which was a set of questions sent to all agencies dealing with Vietnam and then helped to summarize the answers to those questions for President Nixon.

"The Quagmire Myth and the Stalemate Machine" is an award winning essay by Dr. Ellsberg which was published in 1970 for the M.I.T. Center for International Studies. His book, PAPERS ON THE WARS, was published by Simon and Schuster in July 1972.

It may be of interest to our readers to learn that Daniel Ellsberg entered the Marine Corps approximately eight months after Hank Hohenstein (who assisted Manuel Klausner in interviewing Ellsberg) had enlisted. Though they had never served together, their training was very similar and both became infantry officers and served in infantry battalions. Their paths, though diverse, were entwined with the Department of Defense, since Hank remained very active in the Marine Corps Reserve until 1969. As late as 1968 he was privileged to attend various secret briefings when the credibility gap became too great to tolerate. As Hank states, "One did not have to read the newspaper nor be an especially astute tactician to understand that the military were not only deceiving the American people but even de-deiving themselves and that we were fighting a war we had lost militarily. But more importantly, because of our actions in Vietnam, we had lost the 'other war,' the war for the people." Hank (who was featured several weeks ago in TIME as one of the San Diego Ten, a group of conservative and libertarian tax resistors recently on trial in San Diego) adds, "I sadly remember, and I'm certain Dan does also, the often heard comment, "Hell, Marine, any war is better than no war."

Dan Ellsberg is a bright, articulate, and fascinating individual. Although he is not a libertarian, he does espouse certain positions which are in harmony with the libertarian philosophy. REASON expects this interview to provoke controversy among our readers, and we look forward to hearing your reaction to Ellsberg's views and actions.

REASON: First of all, Dan, is there an untold story about the Pentagon Papers and your disclosure of the Papers?

ELLSBERG: There are various stories that the Justice Department would probably like me to put out at this point, but I think that would tempt them too much to bring a second indictment in Boston. The current indictment deals only with the period during which the Papers were copied and given to the Senate Foreign Relations Committee. It ends in September 1970. The Boston Grand Jury that has been investigating the distribution side of the Papers that went beyond the Congress, really only began sometime after September 1970. So if I were to talk about that now it simply would encourage them to indict a lot of people that later helped me in the distribution process that ended with the Pentagon Papers getting out to the newspapers. I don't care to talk about that.

REASON: What did you want to accomplish? What was your purpose in embarking upon the activities that led to your dissemination of the Pentagon Papers?

ELLSBERG: The only thing that I could personally hope to achieve by my own efforts was to make these documents available to the American public for them to read and to learn from. I couldn't force them to read the documents—let alone to learn from and act on them—but I could hope to make it possible for them to read them as opposed to the situation where the studies were sitting in my safe at the Rand Corporation. In that situation I was almost the only person in the country authorized to study and derive lessons from them. The theory was that those lessons would be put to use by the Executive Branch. But what the Pentagon Papers told me when I read them was that the Executive Branch was determined not to learn lessons from its experience in Vietnam. While the United States Government had experienced a series of failures that called for a change in our policy, successive administrations had really seen our experience as a succession of adequate successes. Each President had managed to postpone the day when the country, and specifically when he, would have to acknowledge a mistake or defeat. To this day, of course, no President has acknowledged any such mistake or defeat. So Richard Nixon is the fifth president in a row who counts his Vietnam policy a success to this point. The history in the Pentagon Papers told me that if others were to learn a different lesson it would have to be people outside the Executive Branch and they would have to have the physical capability to read the papers. So the papers had to leave my safe.

I tried first through the Senate and did not really succeed in making it available even to the whole of Congress, let alone to the people. Ultimately it was through the newspapers that the American public first saw large sections of the Pentagon Papers. But it wasn't until the Executive Branch had been induced to bring out its own declassified version through the Government Printing Office and Beacon Press brought out a somewhat fuller version—the so-called

"The way the secrecy system operates now, the risks and dangers and costs that it imposes enormously overweigh the benefits of the secrecy; the demolition of the current system of safeguards would be better than what we have right now."

Senator Mike Gravel version—that I felt my task had been accomplished.

REASON: Did you also have a purpose in disclosing the Pentagon Papers of trying to show any detriment in the Government's policy of classifying information?

ELLSBERG: Yes. A very important secondary objective—second only to the objective of getting a change in our Vietnam policy—was the hope of changing the tolerance of Executive secrecy that had grown up over the last quarter of a century both in Congress and the courts and in the public at large. It seemed to me that our Vietnam policy reflected an accumulation of Executive power, which in turn had exploited very critically this tolerance of Executive secrecy. In other words, I felt that without the widespread willingness to allow the Executive to keep secret the mass of information about its own operations and intentions, it wouldn't have been possible for the Executive to steal away so much power from the Congress and the public and to free itself from the kinds of checks and balances that were intended in the Constitution. Precisely because Congressmen realized over the years that they lacked the information on which to criticize Executive policy or to suggest changes, they have opted out from an active role in the field of foreign policy. But by the same token, it was the Executive Branch itself which was denying them this information. So that what we saw was one more confirmation of the axiom on which I think our Constitution was originally built, which is, "power corrupts—even Americans." Power encroaches upon the challenges of the opposition, and officials in the Executive Branch, given a chance to paralyze opposition by practicing secrecy and deception, will use that power. I think that the Vietnam war was one cost of that process. The price we paid for allowing a single branch of Government to emerge as dominating almost exclusively the field of foreign policy and defense policy has been a quarter century of the Vietnam war—which means the price has been a couple of million of Vietnamese lives and over fifty thousand American lives, and 135 billion dollars in the last eight years alone.

REASON: Certain constitutional lawyers feel that your acts may well cause greater Federal control and greater attempts at secrecy. Do you think your action may result in allowing the Federal Government to have greater control over information, further restricting First Amendment rights?

ELLSBERG: I don't think so, though I had some fear that that was possible when I set out on this course. As I say, I had two goals—enlightening the people about the Vietnam war in hopes that they would act to end it, and alerting them to the danger of the secrecy system. What you're saying is that in the eyes of some people I could have set back the second goal as I was pursuing the first. In actual fact, I don't think that it's working that way. The instinct of the Executive Branch is of course to keep its secrets and to protect its secrets, but it has always had that instinct, and of course it was to be expected that in the light of my challenge and the challenge of other people who have released information that they would move to prosecute me and to deter other people. But the reaction of Congress has not been to support that Executive program. On the contrary, one of the useful effects of the revelations of the Pentagon Papers has been the series of hearings conducted by Congressman Moorehead's subcommittee on government information. The eight volumes of the Moorehead hearings are serious reading that I recommend greatly. I've read all of them and learned a great deal from them. Not only do they present a great deal of information about the way the classification system really works, but there's a good deal of discussion of possible legislation that would have the effect of cutting back the Executive's ability to keep secrets from Congressmen. I think that that is the direction that Congressional action is likely to take, and I think there will be Congressional action. So I think the net effect in that direction will be a good one—a very good one.

REASON: Do you believe that the classification process tends not to particularly benefit the Government, because foreign powers tend to have knowledge of what we're doing very rapidly, and the only thing it really protects is the people in power from their own people.

ELLSBERG: Well, I'm not saying that there should be no secrets or that there's no information an enemy could use to harm the United States. I am saying that the way the secrecy system operates now, the risks and dangers and costs that it imposes enormously overweigh the benefits of the secrecy; so much so, in fact, that I would be willing to say that a system that is the negation of what we have now—that is, the demolition of the current system of safeguards—would be better than what we have right now. That isn't to say that some secrets could not be justified. It just seems to me that the proper kind of system must be controlled to a large extent outside the Executive Branch; at least it cannot be controlled exclusively by the Executive Branch as it is today. A system that

allows some secrets has to be a limited one, because relatively few secrets can be kept from the American people if we are to remain a democracy; and it must have safeguards built in against the abuse of it.

What we have now is an essentially unlimited system with no safeguards whatever against abuse, and we do have almost unlimited abuse. What I mean by safeguards would be criteria to begin with that would constrain the kind of information that can be kept secret, and a system for monitoring the actual practices. The monitoring would have to be done in part outside—or even entirely outside—the Executive Branch. I emphasize that because the essence of a system that is tolerable in a democracy would be a system that does not allow the Executive to be the sole judge of what the public is allowed to know about how officials are doing their job. That means that Congress has to set forth the constraints and criteria—and to set up a body that would do a large part of the monitoring. There should also be appeal to the courts. Essentially, there is none now. The courts have really refused to take up the question of whether classification in a given instance has been proper, and that is an abdication of their responsibility. So it should provide explicitly for appeal to courts, for appeal to Congress, on decisions as to whether a given secret is to be kept. Additionally, there must be more review within the Executive Branch itself—but that alone isn't enough.

You come down to the principle that no one man, even the President, should be allowed to decide without review that certain kinds of information cannot be known to American citizens. The situation we have now is that not only can one man do that, but closer to 100,000 men, as individuals, can decide, each without practical review.

REASON: Much of the material that was released in the Pentagon Papers had been released on a gradual basis in certain public statements by certain individuals and certain memoirs. Do you think that the Government came down so hard on you because you made a specific challenge to their authority to classify and release?

ELLSBERG: Not entirely. That was part of it. This is a point that I think is being misunderstood by people who are following the trial. Whether certain kinds of information about Government policies were "available" as information depends on the credibility of the channel, the source by which that information became available to a particular hearer. A great deal of the information—even some of the most important information in the Pentagon Papers *was* available to someone who was skeptical of the credibility of our highest officials. If you were prepared to discount the assertions being made by our Presidents and their spokesmen and to weigh heavily the contradictory assertions that were coming from the critics of our policy, or skeptics, or foreign sources—then you could pick up and learn and act on most of the most important information in the Pentagon Papers.

If, on the other hand, you put a great deal of weight on what Presidents said, then the Pentagon Papers have a great deal to tell you. Because the Pentagon Papers are documentary evidence that the Presidents were lying. To whom then did these documents convey a great deal of information? To whom are they valuable? Not to foreigners on the whole, or foreign adversaries. Ho Chi Minh did not need a document to know the President misrepresented the very things being said to Ho Chi Minh in negotiations, or the actions the U.S. was taking against North Vietnam. So they had little to learn from the Pentagon Papers. The same is true of domestic critics who were sufficiently skeptical of releases from the White House; but to credulous Congressmen and many American voters who wanted very much to give the benefit of the doubt to the President, then the existence of documentary evidence made a great deal of difference. In particular, it makes the difference to an American between passivity and a willingness to act in opposition to the President. For such an American, he has to be almost sure the President is wrong before he will really change his party or speak out openly, risk his job, or risk his career, let alone go to prison. And I think for a lot of Americans these documents made a significant difference.

REASON: A lot of *REASON's* readers are by nature skeptical of announcements from government officials—we look for example at President Nixon's statements or "commitments" that he would not impose wage price controls or that he would not devalue the dollar. What do you view as the major lies that the Pentagon Papers have disclosed in terms of American Presidents' announcements about the war and our involvement in Indochina.

ELLSBERG: Well, various categories arise. Some had to do with the impression available to the Presidents themselves as to the situation in Vietnam, the origins of the war and the legalities of the situation. Others had to do with their intentions at a given time—of the plans that they foresaw having to put into effect and the likely scale of the war that lay ahead. On the first count I would say a major deception that runs right through five Administrations is the clear deceit that we were significantly, let alone essentially, concerned with freedom from foreign intervention for the Vietnamese people. I would say that to look at these papers you can only conclude that five Administrations were very clear in their mind that they believed foreign intervention—by ourselves—was both essential and legitimate and was the cornerstone of our policy.

"The Pentagon Papers are documentary evidence that our Presidents were lying . . . . I think that if the Kremlin Papers relating to interventions like Czechoslovakia and Hungary were to be revealed you'd see very little difference in attitude from the Pentagon Papers."

REASON: To characterize our intervention the executive branch would use the word "just"?

ELLSBERG: Well, there is no great difference; if any difference, between what is now known as the Nixon doctrine and the Brezhnev doctrine of the Russian right to intervene in the affairs of Czechoslovakia. In fact, I think that if the Kremlin Papers relating to interventions like Czechoslovakia and Hungary were to be revealed you'd see very little difference in attitude from the Pentagon Papers. Our interests, world order in general, the need to prevent dominoes from falling, damage to our prestige, or if we should be humiliated—all of this as rationale for intervention, would have its counterpart in the Kremlin.

REASON: Wasn't the domino theory discredited even by the CIA? Didn't the Pentagon Papers show us that?

ELLSBERG: Well yes, in the form that the Presidents usually said it, it was discredited. Namely, the notion that the other countries of Southeast Asia would quickly and almost surely come under Communist domination. CIA has not really endorsed that idea since the mid '50s. On the other hand, I think our Presidents did believe that a clear-cut failure in Vietnam would have repercussions that our leaders wanted to avoid. For one thing, I think each administration has felt very clearly ever since the so-called fall of China to the Communists in 1949 that the important domino that would fall would be the White House; it would be their own control of power, if they should be in office when Communist successes took place that they had failed to avert.

REASON: Do you think that Communist containment was the overriding objective of these five Administrations?

ELLSBERG: No. I think that there was an overall policy that can be described as anti-Communist, or that can as easily be described as counter-revolutionary, in the sense of maintaining our business and governmental access to as much of the resources of the world as possible. And within this overall policy, usually the most convenient rationale for intervening against a regime that might exclude our influence was the claim that that regime was dominated by Communists or was likely to become dominated by Communists, because that was a claim that would find a good deal of support for intervention—support from a lot of Americans who otherwise would feel more relaxed about the change.

REASON: Was there not an attempt to deny the Communists, in this case the Chinese Communists, access to the vital Rice Bowl of South Vietnam?

ELLSBERG: Well, I don't think they felt that would make a great deal of difference. The best experts that were available never really endorsed the idea that Southeast Asia in any sense, economic or otherwise, had to fall under the total domination either of Vietnam or of China if Vietnam became Communist.

I think that they did to some extent worry about dominoes, even if the dominoes, in other words were not sure to fall. They did worry about effects of a Communist success that would be an American failure. But I don't think that the dominoes they worried most about were in Southeast Asia. I think they worried more about whatever effects might occur in the Middle East, Europe and Latin America, and in Russia and above all in the U.S.A.

REASON: Probably much of the American public believed we had a valid right to interfere in the affairs of North and South Vietnam. We'd like to get into your evolution of thought in this area. In other words, whether you at one time supported a concept of Pax Americana—and what your position was initially, at the time you were in the Marine Corps—and what your position is now?

ELLSBERG: My position was that of many other people. There's an unquestioned faith in the goodwill and good intentions of the American Government in contrast to the bad intentions of our major adversary, the Russians. And therefore I shared that other widespread belief that even though we might well make mistakes in a given area, it was better that *we* make the mistakes for those people in the area than that it come under the domination of our major adversaries. I didn't know much then about the history of imperialism, in its various forms, but I have been reading more of the literature recently, and I see how in the late nineteenth century, in Europe, all the Western countries were scrambling for authority, but the central thinking of each one of them was the thought that if they didn't take over and administer the people and resources of a given area, some other influence would prevail that would be much worse, even for the people of the area. The French thought, "If not us, the Germans," and vice versa for the Germans. We thought in connection with the Philippines, "If not us the Germans, or somebody else." And it's this item of faith that although we're undoubtedly not perfect, we're better than those other guys who will run this place if we don't: whether those other guys are foreigners to the area or feudal or criminal elements in the area itself. If we don't control, the alternative is chaos, anarchy, imperialism, slavery and so forth. So we didn't have to feel that we were angelic, entirely altruistic or perfect, to feel that we were still serving the interests of the people of the area when we proceeded to serve our own interests. This is a pretty unquestioned belief.

REASON: When you say that you've been going back to historians on our imperialist activities, have you been reading any revisionist historians such as Harry Elmer Barnes or Gabriel Kolko?

ELLSBERG: I've read little of Barnes since he's very early, but I've read quite a bit now of the literature that has followed William Appleman Williams' theses in *THE TRAGEDY OF AMERICAN DIPLOMACY,* including that by Kolko, Lloyd Gardner, Gar Alperowitz, and a very interesting new book by Richard Friedland, *THE TRUMAN DOCTRINE AND THE ORIGINS OF McCARTHYISM.*

And it's worth noting I think that what has made this revision of our understanding of American policy possible is the gradual declassification of World War II records. In fact these books come out year by year as the State Department has gotten around to making records available year by year. They've gone up to about 1949; although Kolko's latest book leaps forward to 1954, really the documentation has been available only to '49 or '50. For the period between World War II and the end after Korean War, between '46 and '54, the Moorehead hearings show that over 300 million pages are still classified, in addition to the 170 million pages from World War II. So the bulk of the declassification still remains to be done. Now the major reason why I felt the Pentagon Papers ought to come out was the feeling that we couldn't afford to wait twenty-five years to learn what there was to be learned from the documentary history of this period. We have to learn these lessons faster.

REASON: I think our readers would be interested in knowing how you characterize yourself politically?

ELLSBERG: Well, earlier I would have called myself a cold war Democrat using the words cold war without any apology, meaning views like Acheson's in foreign policy and Harry Truman's in domestic policy; that is, liberalism in domestic policy and a sort of hard line approach on foreign policy. Of course, I'm very conscious of the role both parties have played in maintaining the cold war, in Vietnam specifically. I'm in a state of transition now and trying to learn. Certainly though by any standards I've moved towards the left. And I happen to have been very influenced by the people who are radical pacifists and anarchists, which is not a simple political philosophy. It is an attitude toward life and culture and politics—I would mention for example people in the War Resisters League and the Fellowship of Reconciliation.

REASON: How do you feel about government policies such as import quotas or subsidies to corporations?

ELLSBERG: Well, although I've got a Ph.D. in economics—a long time ago at Harvard—I never did study international economics very much and I haven't really practiced as an economist. So I'm not up on such subjects. But the study of the past couple of years has convinced me increasingly that economic motivation did underline a great deal of the policy that I helped to implement—that's the cold war policy—with concern for maintaining trade, investments and sales in undeveloped countries and in Western Europe really as the tacit motive that lay underneath a great deal of our policy. That policy was described to the public as defensive, as addressed to military threats to our allies in Western Europe and other parts of the world; and it appears that this rationale was used fairly consciously as a basis for a very large defense budget which would stabilize the economy and for foreign aid and interventions that would maintain our exports.

REASON: You mentioned that both parties share a great deal of blame in maintaining the war in Vietnam. Do you consider this a function of the parties themselves or of the bureaucratic infrastructure which they may not have any control over?

"I would like to see very much less United States intervention of all kinds–not only military, but economic and covert."

ELLSBERG: Well, on that point, I have come less and less to emphasize the bureaucratic pressure, to which I did give a lot of importance when I was in the bureaucracy four or five years ago. I think there is currently an academic scholarly trend towards emphasizing the importance of bureaucratic pressures, and I think it's greatly overdone.

Even as of a couple of years ago I was inclined to emphasize much more the domestic political pressures rather than bureaucratic–and this is something that I learned from my own experience and from the Pentagon Papers, which made quite clear that the policy the President chose was often one that he alone espoused within the bureaucratic system. It seemed clear that he was responding to pressures outside the bureaucratic system. Elements like the Air Force or the Joint Chiefs of Staff certainly didn't want to get out of Vietnam, But they proposed policies fairly different from the ones the President actually followed. It's not possible to hold them responsible for the actual choice which the President pursued–so I was led to see the very great responsibility of the President himself, and to conjecture what the pressures were that did influence them. These seemed to be domestic political pressures. Now, in the last couple of years I've studied and learned, I think, more and more about the influence on the parties and the party system and on the President himself, of economic interests, corporate interest–and I would include unions and class interests.

It so happens that I think that traditional leftists or Marxists have simplified the problem in a misleading way, in such a way as to imply that the President simply takes his orders via telephone from Wall Street. Now I don't think it's possible to explain Vietnam that way. In fact, Wall Street has been very skeptical of Vietnam for at least several years while the war has gone on. At the same time I think these economic interests are important, but I think that they work through the political system, through the major political parties, through the system of nominations and competition between the parties, and that this is an interaction that has yet to be explored enough or to be understood very well.

So I think that to understand Vietnam, and I don't think I do understand it adequately yet, I've a strong feeling that it's necessary for us to come to understand how economic interests structure political competition within the country: determine the kinds of candidates that are able to be nominated and to get campaign funding and media attention, and influence the workings of Congress and the general workings of the political system. I don't think one can afford to ignore either the economic interests nor to abstract from the political system through which these interests affect policy. I've sketched out a framework there that I think no one to my knowledge has adequately explored yet.

REASON: What do you feel would be a desirable American foreign policy today?

ELLSBERG: I would like to see very much less United States intervention of all kinds–not only military, but economic and covert. Less interference in the affairs of other nations, both the underdeveloped nations of the world and for that matter the developed countries,–our Western European allies and others.

I think that the attitude that intervention and control was necessary to our well-being really reflected special interests in this country far more than our general welfare. And of course it did involve us in disastrous interventions from which a great many people suffered in America and many many more suffered outside of America. On the one hand I would like to see us stop believing that we have the right to police foreign areas or to send Americans abroad to die and kill in the kinds of causes in which we've done so for the last twenty-five years. But I would also like to see much less U.S. money and resources go to support conservative, or reactionary, police state regimes abroad. What aid we should give–and I think we should give aid to the rest of the world–should be almost entirely channeled through international multilateral organizations, which would save us from the belief that we had a right to interfere in those countries that were recipients.

In other words I think there should be a transfer of resources from this country to other parts of the world, but not at the cost of a great deal of American intervention in those countries. I think they would be better off without any aid whatsoever than if it came in the form that enabled us to believe that it was our business to run their governments.

REASON: Don't you feel a forced transfer of resources abroad is entirely amiss–for the federal government to tax American citizens and dispense their funds abroad–as against private investment abroad.

ELLSBERG: I really do think that our influence on most other countries in the world–and this is still

heresy from anyone who has considered himself a liberal or a moderate—that our influence has been on the whole negative, and that we've deluded ourselves in believing we've had a beneficent effect with the aid we've given and the intervention we've given. That is to say, I'm not terrified at the thought of major cutbacks in foreign aid of the kind that Congress seemed about to require a year or so ago. Of course if we cut out every kind of economic aid and left ourselves simply with direct aid to military dictatorships, that would not be a move for the better.

REASON: What if you went all the way and eliminated all types of aid, including aid to military dictatorships?

ELLSBERG: You see, I think that would be better than what we're doing right now. But I don't say that's the best possible situation. I think a better situation would be for us to get in a position where we could, without hypocrisy, really support the U.N. Charter that we signed twenty-five years ago, and the principles of human rights which are so mocked by most of the regimes to which we ally ourselves or support: regimes which are actually dependent on us, where human freedoms are no more respected than they are in the least progressive of the Communist regimes.

So many of the things that are happening violate fundamental human rights—proscriptions against torture, to take one sharp example. Our own practice in the past twenty years really prevents us from being the kind of world influence that I would like us to be. Not only have our governments told us that we must ally ourselves with and support, uncritically, right-wing regimes that practice torture, but the Vietnam experience has put us in the large-scale business of torture directly, both in the literal sense of widespread practice of torture under our eyes by our Vietnamese allies and by our own troops; and in a metaphorical, more terrible form of torturing the population of North Vietnam by deliberate use of population bombing to try to coerce Hanoi into accepting our terms of settlement. And while we pursue such a course over a matter of years on the largest scale possible, we can hardly be in a position to criticize regimes like Greece or Brazil in their practice of torture of political prisoners. The very imprisonment of political prisoners is another matter of violation of human rights on which we're not able to speak with any moral authority. Of course the possibility of such pressure having an effect is indicated by the sensitivity of the Greek regime to their being denounced and ostracized by other European countries. But what is much worse than the fact that we're not able to denounce them, is we actually support these regimes. South Vietnam itself is a very strong example.

REASON: When you talk about your desire to live up to the United Nations Charter and to try to implement the protection of human rights, do you see any correlation between the growth of bigger and bigger government and at the same time the demise of individual freedom?

ELLSBERG: Yes. Certainly. Obviously. And the effect in our case of Executive dominance has been to reduce the differences between being a citizen of the United States and a citizen of much less free societies. Even Communist societies. Now there still is a big difference, but the difference is less. And that's not the direction I would like to see us move. The difference is less because we're becoming less free in many respects. Now that doesn't mean that there's no freedom left here—we still do have one of the freest presses in the world, but it's the clear intent of the Nixon Administration to change that situation significantly, which is the direction of the changes that have taken place in the Phillipines recently and in many countries such as France, Greece and Korea in the last few years alone.

REASON: Are you trying to draw a corollary then between your case and the Nixon administration's attack on the press?

ELLSBERG: Well, there are a number of recent cases which are part of the conscious campaign of the Nixon Administration to reduce the force of the First Amendment, to greatly reduce the freedom of speech and of the press of America. Because of my study of the Pentagon Papers and my need to prepare for my trial, I have become increasingly conscious of how valuable the First Amendment is. I think that here I find myself disagreeing with a lot of people on the left who are relatively tolerant of revolutionary regines that have kept a tight control of the press and

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of freedom of speech, thought, and political opposition. There are young Americans who are tolerant of the idea that these are bourgeois liberties that simply support basically unjust, elitist regimes, and that at least during a transition period to a more just regime one can be quite relaxed about giving up such liberties. So they're relatively relaxed even when a regime like Nixon's acts against such freedoms, because they don't see them as fundamental.

REASON: Ludwig von Mises, one of the great free market economists, observed that freedom of the press is really meaningless if the government would own all the printing presses and he made this observation in the context of emphasizing the importance of private property. I gather by your previous answer that you are not in agreement with some of the individuals in the New Left, for example, who are very much against private property. Where do you stand on the importance of private property in a free society.

ELLSBERG: Well, the word "left" covers so many different things right now; certainly there are a lot of attitudes that I don't share. When I say that I've questioned a great deal of the beliefs that I once held or all the beliefs I once held, when I'm in a state of questioning and searching for more realistic and more humane politics, as I look about, I find, for instance that many people who see themselves as on the left are relatively uncritical and careless of the powers of the state. They're very sensitive to the power of large private interests, corporate power, economic power. And I don't think, by the way, that they necessarily exaggerate this power or the threat that it imposes, but many of them are led in the direction of countering that power with the bureaucratic state power, not so much in New Deal terms as on the model of the newer revolutionary regimes.

On the other hand I think that a lot of conservative citizens in the country are properly sensitive to the threat of state power and to the need for such freedom—for freedom of the press, free speech and so forth—but at the same time are insensitive to the need for controls on private power and corporate power.

REASON: Of course many of the American conservatives who use rhetoric in defense of individual freedom and in defense of freedom of the press were among the most strong opponents, at the outset, of publishing the Pentagon Papers. Don't you feel that despite their rhetoric that many American conservatives really pursue a policy of opposing individual rights in advocating growth of big government?

ELLSBERG: Well yes. Obviously it would be mistaken to see Bill Buckley as a conservative in a libertarian sense of the word "conservative". In fact as I listen to him I see him only as a monarchist and a Tory. He seems almost totally uncritical of state power if it is wielded by the major economic interests for economic intervention all over the world. Whereas on the other hand I find a great deal to learn from the early criticisms by Robert Taft of our interventions both in Korea and in sending troops to Europe, and I think he expressed the dangers there very well.

REASON: The American conservative movement has shifted ideologically as far as foreign affairs since Robert Taft and there are many right wingers today that would consider Taft to be very mistaken even though he was regarded at the time as one of the great conservatives.

ELLSBERG: But those are right wingers with whom now I would disagree. I was reading just the other day a comment on the Bricker amendment, which was regarded as the very definition of reactionary isolationism in the 50's and was opposed by Eisenhower and Dulles as much as by Democrats. I think that many people like me would regard something like the Bricker amendment as very sound today. This would have limited the power of the Executive to make Executive agreements in foreign affairs.

REASON: Given your role at Rand, what type role do you see for a Rand, a think-tank corporation, in the formulation of future foreign policy?

ELLSBERG: It seems clear that major problems of this country have to do with protecting our citizenry and our form of self government from our own Executive branch. That can only be done, not by advice and consultation machinery within that Executive branch but by confronting the Executive branch with citizens' power organized in other forms outside the Executive branch: through Congress, through citizens' associations of various kinds, through unions, through a diffusion of power and responsibility relating to foreign policy outside the Executive Branch.

I can't really get interested any more in improving the flow of advice and information within the Executive branch itself—on the contrary, I'm not at all sympathetic to the notion that talent and intellect and energy of people interested in foreign affairs should continue to be channelled toward service to the Executive branch. I'd much rather see the ability of Congress to analyze these matters built up and of

private associations of various kinds—I mentioned the unions for example. The unions have had quite a bit of involvement in foreign affairs over the last quarter of a century, but on the basis of various economic and ideological deals it's been pretty slavishly put at the service of Administration cold war policy. That didn't have to be the case. They are quite capable of research that isn't simply supportive of government policy. The same is true of the universities, who have been seduced by government funds, research funds and grants of various kinds over the years, away from a really independent academic role of criticism, except for a handful of revisionist scholars. I think that a great deal of thought and analysis is needed on matters of foreign and domestic policy and I would like to see that going on not within the Executive branch or under contract to the Executive branch, but independent of the Executive branch—both in sponsorship and in audience.

REASON: Don't you see limitations in looking to Congress, given some of the key people there such as John Stennis and—

ELLSBERG: Oh, obviously, unless Congress reforms its way of operating, or is reformed, by pressure from without and from young people within—it offers very little. The same interests that control the Executive have come to control Congress. And Congress has deliberately paralyzed itself. So, you need new kinds of people in Congress and you need a new way of operating Congress. Now that may seem very naive even to imagine, but I think it's more naive to think of tethering the Executive by unorganized citizen pressure just in the form of letter writing or of simply voting in the Presidential elections. What you need to do is to criticize foreign and military policy through a lot of institutions in this society on every level that have over the last twenty-five years removed themselves from the field of foreign policy and left it entirely to the Executive.

That means not only Congress, but it means going down to the local political machines that make city councils and state councils, some of whom have have expressed themselves on the Vietnam war. Often when they've done so they've been ridiculed, as if it were absurd for, say, the Cambridge City Council to vote on a subject like the draft or the Vietnam war. But in fact the ridicule is absurd. This is the level at which the participation is being paid for and where the sons are coming from who die and kill in those wars. Of course they should be informed and involved in the decision.

REASON: Well, can't private citizens be involved by means of private universities, by means of private scholars—

ELLSBERG: Yes, Yes.

REASON: —by means of private think tanks. Why is it that you feel the improvements in foreign policy should come about through politicalization of the process going down to the City Council level?

ELLSBERG: No, I didn't mean at all to deprecate private action. On the contrary, when you said think tanks I thought you meant essentially research organizations working with the Executive because that's what that's meant in the past. That's all it's been. But if you think of private institutions and private associations then that's fine. That's all the better.

REASON: Isn't it absurd for people running for City Council to be concerned about foreign affairs when most of them are inept to deal with municipal problems in and of themselves?

ELLSBERG: Well, you see our involvement in Vietnam was not routine. And for them to have a position on that is not the same as routinely involving themselves in the preoccupation with foreign affairs. On the contrary, I think that many institutions in society should have seen that the war was going to go on for a long time if normal habits of division of labor persisted. In particular, division of labor gave all the responsibility to our leaders in the White House, and the military. So it was really up to them to use whatever power they had to throw their weight against that war. That's not the same as saying that City Councils have to spend a larger portion of time dealing with foreign policy, but they should be capable of knowing what it is that is crippling their own local programs and demoralizing their own local citizens. And if it's a war, they should take a position on that war.

REASON: On the other hand isn't one of the lessons that you're trying to bring home with your activities in disclosing the contents of the Pentagon Papers the fact that governments tend to be self protective and to deceive the citizen? Why should we expect any better of government at the local level than we should at a federal level?

ELLSBERG: Of any given agency, you shouldn't expect any better. The point here is not that our bureaucracy is worse than let's say the bureaucracy in Russia—the point is that you shouldn't expect it to be that much different. Large powerful bureaus are much the same in any army and in any state of war. What's different in our country, or was different, was the theory that the way you kept the corruption of power from being fatal was to confront a powerful executive hierarchy with legitimate power held by other imperfect men in other branches of government, and in the public at large and in the free press. So it's not that any one agency is going to be free from sin and corruption or ignorance but the kind of

"The lying that each of our administrations has done for the last twenty-five years is a tribute to their own belief that the people would not support this war if they understood truly what was being done."

information and discussion that will result from the jostling about of powerful bodies with somewhat different constituencies and power houses, will result in more public enlightenment than you're going to get any other way. And more public involvement and probably a more pacific policy; because the people who designed our government believed not that every American was a pacifist at heart, but that the people who provided the men and the resources for wars were least likely to favor war or prolong war and that the more democratic a policy the more pacific it would be. One can find counter examples to that but I think that over the long run experience shows that they were wise.

REASON: What you're exactly saying is that people don't make wars, it's states that make wars?

ELLSBERG: Well, the states can certainly manipulate the people more easily than we would like, but I still think that the very lying that each of these administrations has done for the last twenty-five years is a tribute to their own belief that the people would not support this war if they understood truly what was being done.

REASON: If you look at the practicalities of your view that state and local governments should speak out—here you've been on trial now for many weeks in Los Angeles—it seems to me paradoxical that you would call out for greater municipal or state speaking on a foreign policy when Sam Yorty as Mayor of Los Angeles or Ronald Reagan as Governor of California both have been very strong advocates of the hawkish policy in Vietnam.

ELLSBERG: That's true. Well, first, you know I didn't pick this place for my trial. I am saying, though, quite frankly that although I know that Yorty has been often ridiculed for having a foreign policy, I don't think that's foolish myself, especially in a case like Vietnam, and I think that he should be judged by the content of his foreign policy to some extent. If that's what the people of Los Angeles want, all right. And if it isn't, they should remove him.

REASON: Where do you stand on the question of conscription? Do you think conscription is a proper and desirable policy?

ELLSBERG: No. It's involuntary servitude and should be held unconstitutional.

REASON: How would you effect the repatriation of those who fled the country to evade the draft?

ELLSBERG: I think the greater number of them—not to speak for every single individual—deserve our respect and I would hope that we can bring them back so we can learn from them and from their example. Learn why there were not more. How they and their wives recognized the moral issue that conscription does present in a war like Vietnam. How they came to see it as clearly as many of them did and to act against it as decisively as many of them did. You know, the truth is a great many Americans, including my own grandparents, came to this country precisely because they faced this issue in their homelands. And they made decisions that were just like those who went to Sweden and Canada in this case.

My own grandfather came here because he didn't want to spend seven years of his life in the Czar's army. That's true of a great many Russians and Germans. This is nothing new in the world's history—it's just too bad that the land of freedom to which they came has become one that takes it for granted that citizens owe a large part of their lives to the state.

REASON: What about the question of amnesty to those Americans who evaded the draft. Do you think that amnesty should be granted across the board? Would you impose any conditions on amnesty such as service in a national Peace Corps?

ELLSBERG: No. First of all, there's a great hypocrisy about this by both Administration and Congress, when we ignore the fact that if you use the word "draft evasion" you're talking about millions of upper middle class Americans who didn't come close to being drafted because they were able to go to college or have subsidized marriages at a very early age or were able to get various kinds of medical waivers from kindly doctors. And this includes virtually all of the children of Congress or of high level administrators—almost without exception. So these are people who don't really come up against the issue of amnesty in a legal sense because the country never made any legal demand on them to go abroad. The poorer ones who couldn't afford those approaches and who had to face the issue that this war has been wrong and unconstitutional from the start—the courts, far from allowing such people to test that proposal in the courts in an orderly way, have refused to take up the issue. And thus the courts closed off the chance for an orderly legal challenge, leaving no choice but the dilemma of evasion—leaving the country, for violating laws whose constitutionality had not been tested in the immediate situation—or of

taking part in a clearly wrong war, risking their lives in an effort that they should never have been asked to join and risking the possible necessity of killing innocent people. So I'm really sympathetic to the people who chose not to take part. And frankly I say that not only from the perspective of somebody who volunteered for the Marine Corps, but as somebody who volunteered to go to Vietnam and came back only when I had hepatitis. I look back on that experience not as someone who thereby has more moral authority, patriotic authority than these others, but as somebody who persisted in illusions about what was the right thing to do and what the nature of the war was and what the proper demands on the country were, longer than these others. In some cases they had fewer illusions to lose because they hadn't been trained into it by twenty years of government propaganda with respect to war, so again it's not that they were necessarily innately more clear-sighted. The fact is that I think they saw in a very realistic way and I think they reacted appropriately. Again, Vietnam is not a routine situation. To refuse to serve in the Vietnam war, I think, could be justified from a very wide variety of positions.

REASON: Doesn't in fact the ability of the state to draft tend to prolong most combat situations?

ELLSBERG: Yes. The draft clearly made it possible for the Executive branch to get into a very large ground combat involvement without calling up reserves or without going to Congress for a new mobilization of resources, and that the absence of the draft would make it much more difficult for future administrations to involve us in future conflicts.

REASON: Do you have any view on the question of reparations to Vietnam?

ELLSBERG: Obviously, I think by any standard of justice we owe a tremendous amount to the rebuilding of South Vietnam and North Vietnam: keeping in mind, by the way, that an enormous majority of our bombs were dropped on South Vietnam—our supposed ally—rather than on North Vietnam. Nevertheless, I think they would be very foolish to accept that money at the price of a large American infrastructure of AID technicians who were going to decide—in a supposedly nonpolitical way—how the money was to be spent and who was to spend it.

REASON: When you say we owe reparations, what about somebody who opposed the war and was a consistent opponent of the American intervention in Vietnam—do you think he should be required to give of his money to help rebuild either North or South Vietnam?

ELLSBERG: I don't know too many people who haven't paid taxes to support the war, so I don't know too many, then, who have a very strong moral position on which to say they are not willing to devote any part of their tax money to rebuilding.

Daniel Ellsberg (left) and Anthony Russo

"A republican, democratic form of government cannot survive with the practice of Executive secrecy that we have experienced in the last quarter of a century."

REASON: Do you think it would be at all proper to look to those in positions of responsibility, in terms of guiding national policies in the war, to be personally culpable, so that they should have to pay reparations from their own personal fortunes—say Nixon, or MacNamara—that they should have to pay personally for the damage and devastation in Vietnam.

ELLSBERG: It's a very interesting suggestion. For instance, perhaps, a few years of personal service of the kind that they've often talked about, devoted to putting one stone on top of another in some of the villages in Vietnam, would be quite rehabilitating for them. Nevertheless, I wouldn't say that that should be involuntary. I would think if it were to do them or their society much good it should reflect their own new awareness, which I think is yet to blossom in their hearts, that they have misspent a good part of their lives and that something like this would be a better use of some of their remaining years than what they're now doing.

REASON: There are a number of American conservatives that deplore your conduct and Anthony Russo's conduct in disclosing the contents of the Pentagon Papers to the American public. They feel this is an unpatriotic act that really was in defiance of American policy and you should be punished therefor—but at the same time there are many American conservatives who have applauded disclosures of confidential information and leaks in other situations such as the Otepka case. It was felt that the disclosure was one that would aid in the battle to cleanse the State Department of Communists. Could you comment on that?

ELLSBERG: Well, that's two special viewpoints I think, that don't exhaust the points of view on this situation. To see our act as unpatriotic or against American policy is, I think, to identify the government with the Executive branch—indeed with the President—and to take not just the position, "my country right or wrong," but, "my President right or wrong." And that's really a position that wipes out the distinctions between American democracy and monarchic or autocratic forms of government. To see our act as a clearly disobedient or disloyal one is still to equate loyalty with obedience to a single boss. And that wasn't the founding theory of our American government. It's certainly possible to see our act as mistaken or misguided somehow, but that judgment has to be made in the light of the rather complex obligations that any American should recognize toward the Constitution, towards several branches of government, towards his countryman, toward humane feelings. I think that it is hard to apply that more complicated test and conclude that we did the wrong thing.

REASON: I'd also like to ask just briefly about finances, Dan—could you address that subject for our readers?

ELLSBERG: Well, yes. The defense is not being financed by the state, but I guarantee you all of the prosecution is. The government has spent two to three million dollars already on the case and that comes from taxpayers of course. We have some taxpayers also contributing to our side of the case. The defense has cost over $600,000 already and may well come to over three-quarters of a million dollars before it is through. The defense relies entirely on private contributions and we'll be happy to get any, addressed to The Pentagon Papers Defense Fund, 125 West Fourth Street, Los Angeles.

REASON: Let me ask you a concluding question, Dan, that fits into the context of one of your answers a couple of moments ago—in talking about the obligations of American citizens and the complex questions of viewing the propriety of your conduct. Your attorney, Leonard Boudin, stated in his opening argument, at the commencement of trial, that it was not only the right of an American citizen and a former government official to give the information to Congress that you disclosed, but that it was your *duty.*

ELLSBERG: Yes. That I felt intuitively at the time. The more I've learned about the Constitution and the ideas that underlay it, the more I've realized that my intuition was valid. The whole classification system as it exists and as it is practiced now, the system that has inevitably led to the suppressing of a billion pages of information, is an unconstitutional system. I think a limited system that would be constitutionally valid could be devised, but that remains to be done. And the current system is a clear violation of the principles of checks and balances in the government and a violation of the First Amendment. Moreover, I think our constitutional principles are very sound on this point.

Secrecy on this scale is incompatible with democratic government, and I think not only incompatible, but subversive of it. A republican, democratic form of government cannot survive with the practice of Executive secrecy that we have experienced in the last quarter of a century. We must roll back that practice of secrecy if we are to undo a betrayal of the American Revolution. ◻

The FTC's outmoded campaign against advertising

By Yale Brozen

John Maynard Keynes once observed, "Practical men . . . are usually the slaves of some defunct economist. Madmen in authority, who hear voices in the air, are distilling their frenzy from some academic scribbler of a few years back. I am sure that the power of vested interests is vastly exaggerated compared with the gradual encroachment of ideas. Not, indeed, immediately, but after a certain interval; for in the field of economic . . . philosophy there are not many who are influenced by new theories after they are twenty-five or thirty years of age, so that the ideas which civil servants and politicians and even agitators apply to current events are not likely to be the newest."[1]

THE FTC'S OBSOLETE DOCTRINE

The Federal Trade Commission staff exemplifies Keynes' observation. Adopting an obsolete doctrine, it has devised a new policy toward advertising. This policy is expressed in the current FTC case against the cereal industry. In its complaint, the staff argues that "promoting trademarks through intensive advertising results in high barriers to entry into the RTE cereal market."[2] Members of the FTC staff have added, in various press conferences, that retail cereal prices would fall as much as 25% if they prevail.[3] The FTC's chief economist does not agree with the 25% figure, but he does believe prices might fall 7-10% if the FTC orders the dismemberment of cereal companies.[4]

These notions—that the cost of products to consumers is high because of advertising and that advertising is a barrier to entry behind whose shelter firms behave monopolistically—are both old[5] and obsolete. They are being adopted by the FTC staff as a basis for a complaint just at the time they are in the process of being discarded in economic analysis as erroneous—as inconsistent with economic theory and as unfounded. Behavior observed in the market place does not support these notions.

These ideas emerged among economists in the 1930's from a two-dimensional analysis of an hypothetical static world with costless information and unchanging tastes, technology, and resources (including population). In such a world, advertising performs no useful function. Advertising expenditures in these circumstances waste capital.[6]

THE MODERN VIEW

But that hypothetical world is not the one in which we live. Just as the mechanical and physical sciences have gone beyond the frictionless models originally used in the development of physical relationships, economic science has gone beyond the static, two dimensional models originally used to analyze economic relationships. Fourteen years ago Professor Harold Demsetz developed a multi-dimensional model of markets. The model allows for the fact that there is geography, that people forget, that information is *not* costless, that we live in a changing world, that many different qualities may be incorporated in products, and that products may be improved.[7]

Firms do more than simply decide how much to produce. They also choose the locations at which to offer their products, the expenditure to be made on selling and promotion, the quality to be incorporated in their products, and the budget to invest in improving their products. Demsetz shows that differences among products of a given specie and the advertising of these products in a multi-dimensional world does not result in a monopolistic outcome, contrary to the conclusions reached in the 1930's in the theory of monopolistic competition.[8] He also shows that the earlier theories contained logical inconsistencies producing spurious results.[9]

In 1961, Professor George Stigler published a seminal article entitled, "The Economics of Information."[10] The article's opening is very much worth

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quoting. It indicates the then current attitude among economic theorists toward advertising as well as indicating the inappropriateness of the standard economic models then employed for analyzing our economy.

> One should hardly have to tell academicians that information is a valuable resource: knowledge is power. And yet it occupies a slum dwelling in the town of economics. Mostly it is ignored; the best technology is assumed to be known; the relationship of commodities to consumer preference is a datum. And one of the information-producing industries, advertising, is treated with a hostility that economists normally reserve for tariffs or monopolists.[11]

The important point made by Professor Stigler, and the theory he developed which has provided the foundation for a great deal of empirical research on the economics of advertising in the past decade, is that the cost of personal search by buyers for sellers in the absence of advertising is high.[12] Also, he pointed out that the personal search process is inefficient compared to the use of advertising, especially in view of the change in identity of sellers over time and even more because of the turnover of buyers. "In every consumer market there will be a stream of new buyers (resulting from immigration or the attainment of financial maturity) requiring knowledge of sellers, and, in addition, it will be necessary to refresh the knowledge of infrequent buyers."[13]

Instead of using the static, unchanging world model where buyers never grow old or forget and new buyers never appear—the model previously used by economists which generated hostility to advertising—Professor Stigler introduced the cost of obtaining information into his model. This makes it appropriate for the analysis of advertising. With this dynamic element, we find that *advertising is a productive and procompetitive activity, substituting cheaply provided information for expensive search costs,* rather than being a wasteful activity producing monopolistic results. In this model, it can be shown that advertising makes firm demand curves more elastic and, therefore, makes markets more competitive.[14] This conclusion is the direct opposite of the *assumption* on which Chamberlin and Robinson built their models in the 1930's.

EMPIRICAL SUBSTANTIATION OF THE MODERN VIEW

The obsolete Chamberlinian and Robinsonian models, which have been misapplied to multidimensionally competitive markets, *assumed* that advertising made demand facing the firm less elastic than it would otherwise be. Advertising, then, was implicitly assumed to make markets monopolistic. No proof was offered for this assumption in either theoretical or empirical terms. As Professor Richard Posner points out

> Advertising is said to be an important factor in the diminished rivalry that is thought to characterize many oligopolistic markets. The reasoning is that advertising creates brand loyalties that rival sellers find very difficult to erode and that this is a source of formidable barriers to new entry into concentrated markets. . . .
>
> . . . [N]o proof has yet been offered that it is easier for the first advertiser to win a consumer's patronage than it is for a second advertiser to shift it to him. The fact that the soap companies are constantly bringing out new brands suggests a taste for novelty on the part of the consumer that does not square with the theory of the first advertiser's advantage.[15]

Support for Professor Posner's view is provided by Professor Jules Bachman's examination of a number of markets. He finds behavior that indicates a lack of brand loyalty for many intensively advertised commodities. The decline of Rinso, Super Suds, and Oxydol from a 48 percent occupancy of the household soap and detergent market in 1948 to less than 5 percent in 1953; the fall in Camel, Lucky Strike, and Chesterfield market share from 42 percent in 1956 to 18 percent in 1966; the slide in market share of the four leading cold cereals from 38 percent in 1954 to 30 percent in 1964; Coca-Cola's slide from 53 percent

of the soft drink market in 1940 to 37 percent in 1960, and similar experiences for a number of unidentified products all point to the fact that intensive advertising does not necessarily give a brand a lock on its market.[16]

Perhaps the products examined by Professor Bachman are exceptions. However, another study looking not simply at intensively advertised products but instead relating brand loyalty to levels of advertising finds that brand loyalty is weaker for more intensively advertised than for less advertised products.[17] The National Commission on Food Marketing also developed data some of which rebuts the presumption that advertising creates brand loyalties. In the case of RTE cereals, for example, it found that only 6% of all buyers showed sufficient brand loyalty to purchase their chief brand 75% of the time. In the case of coffee, despite the fact that the coffee industry advertised at less than half the rate at which cereals advertised, 70% of coffee purchasers showed strong brand loyalty as compared to only 6% of cereal buyers.[18]

Some would argue that because cereal buyers seek variety, less loyalty would be expected and that advertising makes them more loyal than they otherwise would be. This still *assumes* that advertising creates loyalty. The examination of advertising undertaken in the past decade, however, points in the opposite direction. Advertising is aimed at destroying loyalty. It is not aimed at the customers a firm already has. Advertising is aimed at informing customers the firm does not yet have. If the firm achieves its aim, it destroys the loyalty of the buyers of other brands and other products. Even Chamberlin allows that, "The effect of advertising is to shift to the right the demand curve for the advertised product by spreading knowledge of its existence, by describing it, and by suggesting the utilities it will provide the purchaser."[19]

The modern mathematical models successfully used for organizing data on consumer behavior, prices, and advertising are constructed on the basis of the expectation that advertising will have no influence on current customers of an advertiser or on their loyalty. As one of the developers of these models points out

> Advertising is more likely to increase the probability of transitions to brand i . . . than to affect repeat purchases. Repeat purchases . . . result from consumer satisfaction with the brand. Advertising, however, is . . . a means for attracting purchases both from other brands and from outside.[20]

The lack of loyalty for a heavily advertised product is demonstrated by the readiness of beer consumers to desert their customary choice when the price of another brand is cut. When Anheuser-Busch reduced its per case price in St. Louis from $2.93 to $2.68 at the end of 1953, its market share rose by 33 percent in the next six months (from 12.5 percent to 16.55 percent). A further reduction to $2.35 sent its market share zooming to 39.3 percent, a 137 percent increase, in the next eight months.[21] These data hardly fit the image of the consumer hypnotized by advertising and unwilling to try any alternative to his present brand.

Professor Lester Telser has brought data to bear directly on the presumption that advertising is a barrier to entry and a means for extracting monopoly prices. Professor Telser found that

> There is little empirical support for an inverse association between advertising and competition, despite some plausible theorizing to the contrary. I examined four pieces of evidence. First, for three cross-sections of manufacturing industries that make consumer products, concentration and advertising intensity are virtually independent. Second, there is a negative correlation between the change in concentration and the change in advertising intensity from 1947 to 1958. In some industries a rise in advertising accompanied a fall in concentration. Third, brand shares of food products are markedly more stable than brand shares of toiletries, although the latter are more heavily advertised than the former. Fourth, brands of toiletries have a shorter expected life than branded food items. This is shown by the larger changes around the levels reached by a group of leading brands and the lower levels attained by leading brands of toiletries as compared to branded food items. Advertising is frequently a means of entry and a sign of competition. This agrees with the view that advertising is an important source of information.[22]

Professor Telser's empirical work demonstrates that the theoretical apparatus provided by Professors Demsetz and Stigler makes better sense than the earlier static, two-dimensional models. Also, his work tells us that the Federal Trade Commission staff is wrong in its view that advertising shelters from the vengeance of competition firms engaging in oligopolistic (shared monopoly) behavior. Advertising is a means of competing—not a barrier to entry. Professor Telser has substantiated these latter propositions.

DEFICIENCIES IN THE FTC'S SUBSTANTIATION

The Federal Trade Commission staff says there is substantiation for its presumption, however. It points primarily to two studies. One is a paper by Professors

"Advertising is aimed at destroying the loyalty of the buyers of other brands and other products– it is not aimed at the customers a firm already has."

Comanor and Wilson. They put together data on the ratio of advertising to sales by industry groups, relate these to accounting rates of return, and arrive at the conclusion that

> On the basis of these empirical findings, it is evident that for industries where products are differentiable, investment in advertising is a highly profitable activity. Industries with high advertising outlays earn, on average, at a profit rate which exceeds that of other industries by nearly four percentage points. This differential represents a 50 per cent increase in profit rates. It is likely, moreover, that much of this profit rate differential is accounted for by the entry barriers created by advertising expenditures and by the resulting achievement of market power. [23]

There is, however, a major methodological flaw in the regressions used by Comanor and Wilson for organizing their data. They treat outlays for advertising as a current expense. They do this despite their explicit recognition that the current position of a firm in a market which demands advertising and product jointly depends upon past advertising outlays. They cite Professor Kristian Palda,[24] who demonstrated that advertising should be treated as an investment, but then disregard this. They even speak of "investment in advertising," but then expense all such outlays in their statistical treatment.

Their conclusion that, "Industries with high advertising outlays earn, on average, at a profit rate which exceeds that of other industries by nearly four percentage points," is reached by using understated net worths for the firms in such industries. Since firms do not capitalize their investment in advertising for balance sheet purposes, the omission of this asset leads to an understatement of net worth which is large for firms with high advertising sales ratios. As a consequence, the rate of return is overstated for these firms. For example, a firm spending 10% of sales on advertising earning 8% on sales whose stated equity equals 40% of sales will show a 20% accounting rate of return. If this firm's advertising has a ten year life and its sales and advertising have been level during the past ten years, then current outlays on advertising will be equal to depreciation of past advertising. Its current income will be unaffected by capitalizing current outlays and straight line depreciating past outlays. Its equity, however, will be increased by the depreciated value of capitalized past advertising. It will become equal to 100% of sales. An 8% margin on sales, then, will show an 8% return on corrected equity instead of 20% on stated equity.

Comanor and Wilson have discovered only the fact that the upward bias in *accounting* rates of return for "industries with high advertising outlays" is four percentage points greater than the upward bias "of other industries." Since they did not use *true* rates of return, or proportionately biased accounting rates of return, they have not substantiated the presumption that advertising is a barrier to entry.[25]

The second study on which the FTC staff relies to substantiate this presumption is its own *Economic Report on the Influence of Market Structure on the Profit Performance of Food Manufacturing Companies* (1969). In this study, a positive relationship again is found between advertising intensity and accounting profit rates. Again, however, the same methodological deficiency is present.

To see whether or not advertising truly serves as a barrier to entry, Professor Harry Bloch re-did the FTC study taking account of the fact that advertising has long lived effects.[26] The fact that it has such effects has been established not only by Professor Palda's work, but also by Professor Telser, Professors Nerlove and Waugh, and many other analysts.[27]

Professor Bloch finds that the firms used by the FTC in its study do not show a positive relationship between advertising and profit rates after correcting the FTC study for its data and methodological deficiencies. The FTC study did not use actual advertising expenditures of the firms it selected for its work. Rather, it imputed to those firms the same level of advertising as the average level found in their industries. Professor Bloch used their *actual* advertising expenditures. In addition, he treated advertising as an investment.

With these corrections of the FTC study, it no longer substantiates the staff view that advertising provides a monopoly shelter. With these corrections, the *opposite* is substantiated. Advertising is a means of entry and an ordinary investment. It is no more a barrier to entry than any other investment, such as that in plant and equipment. Advertising and competition are compatible—not antithetical. Investment in advertising yields the same return as investment in tangible assets—a result to be expected under competitive circumstances (assuming risks are identical) and evidence supporting the view that advertising is a means of entry just as building production facilities is a means of entry.

In addition to this empirical work demolishing the studies the FTC staff offers to substantiate its view that advertising is a barrier to entry, Professor John

Gould has developed a dynamic model explaining the time path followed by the advertising for a product during its introduction into the market and its subsequent life cycle.[28] What is important and interesting about Professor Gould's work is that it demonstrates that outlays on advertising can be explained in exactly the same way as the accumulation of a capital stock in any other form.

Insofar as the model's premises are verified by the behavior we find in the market, it supports the view that advertising is an investment and a cost of entry. It is not, then, a barrier to entry any more than any other cost of entry.[29]

There is an abundance of evidence supporting Professor Gould's view.[30] We all know that advertising outlays are very frequently much larger relative to sales in the first year or two after introduction of a product than in subsequent years. Sometimes, they are so large relative to sales early in the life of a product that no rational man could possibly argue that they are a current expense. A drug manufacturer does not spend 80 to 150% of the first year's sales of a drug promoting and advertising the drug[31] in the expectation that the expenditure will be currently profitable. That is obviously impossible. The first year outlay must be looked upon as an investment upon which a return will be realized in future years—not in the year the outlay is made.

The National Commission on Food Marketing found that the advertising to sales ratio for new products in the cereal industry averages 47% in the first year declining to 22% in the second year. It also found the typical new cereal did not reach a break even point until after it had been on the market at least four years.[32] Again, it is obvious that the first and second year expenditures on advertising in this instance are investments—not a current expense—which supports Professor Gould's view of outlays on advertising being a capital accumulation process.

CONCLUSION

Since advertising outlays can be shown to be investments, the econometric studies showing advertising and profitability to be positively related by treating advertising as an expense fail to substantiate the view that advertising is a barrier to entry. Only if it can be shown that where entry is attractive, imperfections in the capital market prevent potentially viable, would-be competitors from raising funds to enter the production and marketing of attractive, advertising intensive products can it be argued that the required investment in advertising is a barrier to entry. There has been no such demonstration. There is much work to the contrary showing that capital markets are efficient.[33]

A second line of argument for the view that advertising is anti-competitive is that there are substantial economies of scale in advertising. This, presumably, increases the minimum efficient size of a firm within a given market and leads to increased concentration. Professor Telser has demonstrated that there is no empirical positive relationship between advertising intensity and concentration.[34] Even if there were to be such a relationship, there is no positive relationship between concentration and monopoly.[35]

Professor James Ferguson has examined the evidence for the proposition that there are economies of scale in advertising. He concludes that, "The scanty available evidence suggest diminishing returns to advertising."[36] Similarly, Richard Schmalensee concludes that "there is no evidence to suggest that the minimum efficient size of the firm is increased by advertising in general or in any particular industry."[37]

A third line of argument for the notion that advertising creates a barrier to entry rests on the presumption that advertising creates brand loyalties that rival sellers find difficulty in eroding. Because of this presumed difficulty the investment in advertising required of them is presumed to be greater than that required of their forerunners. What little evidence is available on brand loyalty, however, seems to indicate a negative relationship between advertising and brand loyalty.

It may even be plausibly argued that insofar as advertising by any one firm provides information to "free rider" consumers who use the information in deciding to purchase a product, but then purchase a non-advertised brand, advertising may reduce the cost of entry to some producers or marketers of products. The existence of little-advertised private label products in many markets alongside intensively advertised brands[38] is evidence consistent with the view that high advertising industries are easy to enter. Most marketers of vodka do little advertising, relying on one major marketer to advertise recipes for vodka drinks and suggest the circumstances appropriate for serving such drinks. Recently, each of the prospective marketers of white whiskey was hanging back waiting for one of the others to invest in developing the white whiskey market.[39]

These examples suggests that we are getting less than the optimal amount of advertising because entry is eased by the advertising of any one marketer. Others hope for an opportunity to grab the coat tails of an advertiser and avoid any expense on their part in providing information. If that is the case, then advertising invites and creates entry. It facilitates entry rather than being a barrier to entry.[40]

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[12] *Id.* at 216.
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Davis E Keeler

INVESTING IN DIAMONDS

Americans, blessed with a stable currency and well-developed capital markets, look down their nose at foreigners who scramble to put their pathetic little pesetas and dinars into gold and diamonds. Poor devils, we say, they know nothing better. We (thank goodness) have mature and liquid stock markets, magnificent engines of capitalism, to nurture and multiply our wealth. Since 1964 we have seen our Dow Jones Industrials go from 800 to over 1000!

One problem with comforting figures like the Dow Average is that we tend to forget about inflation. If we allow a modest 4% p.a. compound rate of inflation from beginning 1964 to beginning 1973, we would find that the Dow should be at about 1138, *just to allow for inflation.* Too bad about that.

As everyone knows by now, gold has doubled over that same period. What you may have missed in the fact that top grade diamonds have *trebled* in price over the same period.

The investor who wants to put a bit of his savings into gem-quality diamonds has a few problems: he generally does not know what he is buying, how much it should cost, what to do with it after he buys it, where to sell it if he wants to liquidate, or what price he should expect on resale. Not surprisingly, this discourages many people from investing in diamonds.

CARAT WEIGHT

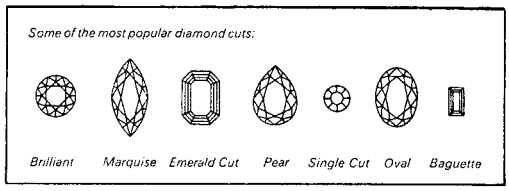
There are diamonds and then there are diamonds. Diamonds are distinguished by their weight, which may be expressed in points or carats.

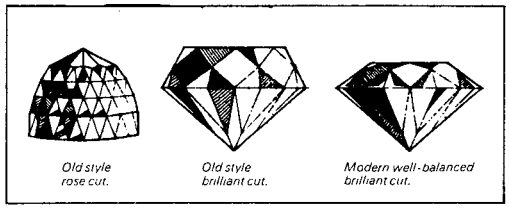
1 point = 2 milligrams
200 milligrams = 1 carat
142 carats = 1 oz.

Weight is the simplest part of the diamond trade. Either a stone has a certain weight or it doesn't and you can always weigh them.

CUT

Rough stones are cut into various shapes, generally for aesthetic appeal, but also for reasons dictated by the demands of the market and the shape of the rough stone. The cut determines the play of light through the stone. The accompanying illustrations show the more popular



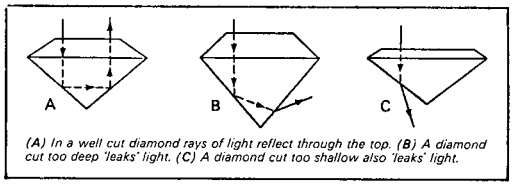


modern and old-style cuts. The cut of a stone is an important factor in determining its value.

MAKE

Make describes the perfection of the diamond's cut. It also is important to the stone's value.

As a point of information, most stones today are cut by sawing with a thin blade coated with diamond dust and revolving at a high speed.



(A) In a well cut diamond rays of light reflect through the top. (B) A diamond cut too deep 'leaks' light. (C) A diamond cut too shallow also 'leaks' light.

COLOR

Color is the hardest quality for a non-expert to appreciate. An experienced diamond sorter can detect several dozen shades of color in stones that a layman would say were all white. Needless to say, color is quite important in a gem stone.

The color problem is not helped in the least by the fact that there are five or six different systems of color designation. For example, a given stone might be called a Blue Wesselton (under the Old Name terminology), a G (under the Gemmological Institute of America system), a Rare White (under Scandinavian Diamond nomenclature), or a Fine White. In addition, the American Gem Society would rate it between a I and II.

CLARITY

Anything which hinders the passage of light through a stone, either an internal flaw or surface defect, diminishes its clarity. There are about 10 gradations of clarity within the class of gem quality diamonds. Once again, the higher the clarity, the better the value of the stone.

FOR THE CASUAL INVESTOR?

All of the foregoing present some problem to the casual investor. Some, such as color, are almost certainly beyond his competence to judge. If he buys a stone from one jeweler he may find when he goes to sell the stone that the buyer does not agree with his grading, and his price will suffer accordingly. He may also lack the contacts to sell his stone and have no idea what the market price is for a stone of his particular cut, weight, color and clarity.

On the other hand, diamonds do have a reputation as a desirable, profitable, and emotionally appealing investment—and this presents an obvious opportunity for an entrepreneur to supply an unmet need. And this is exactly what has happened in the diamond market.

Several London firms now offer gem quality diamonds of a guaranteed weight, cut, clarity and color, of a quality acceptable to manufacturing jewelers, in lots of various prices. These are offered to investors at published trade prices. While dealers will generally ask for minimum orders of about $600, lots have gone for as little as $135. The purchaser may either take delivery or have them held in a London bank. The stones come sealed in a transparent plastic case and so long as the seal is unbroken the stones are guaranteed by the selling firm to be in all particulars as described. Prices are published periodically and the seller will broker the sale of the stones should the investor wish to liquidate his holdings. ◻

COMMITTEE FOR THE

ANTI-INFLATION AMENDMENT

To the Constitution of the United States

1. HARD CURRENCY MANDATE

After considerable research by economists, many people have come to the conclusion that economic problems—inflation, unemployment, depressions (and obviously the taxes to cure them all)—are **caused** by the Federal government, as it mismanages the money of the United States. The money supply fluctuates: when it expands too fast, we get inflation; when it slows down, we get unemployment. Americans are forbidden to own gold, and the balance of payments is overdrawn because of depreciating money. We the People can end all of that by passing a law to discipline our government:

> Section 1: IT SHALL BE THE POLICY OF THE TREASURY OF THE UNITED STATES TO STABILIZE THE SUPPLY OF CASH NOTES AND FEDERAL CREDIT IN CIRCULATION, AND THEREBY TO PRESERVE AND INCREASE THE PURCHASING POWER OF THE CURRENCY OF THE UNITED STATES.

This policy could be accomplished even without the Amendment in a number of ways, but confusion about controlling interest rates, as opposed to the quantity of money, has led us into inflation. The precise way chosen to achieve this policy (the issue is very complex) would be up to the Congress, the President, and the Federal Reserve System. Among the ways would be either using the commodity price of gold, or any group of commodities, as a base price, or by fixing the quantity of money, or the rate of monetary expansion, by law.

IT IS TIME TO FOCUS PUBLIC ATTENTION ON THE ECONOMIC ISSUES.

2. WAGE AND PRICE CONTROLS UNCONSTITUTIONAL

We should now be able to get rid of those unfair and unwise wage price controls. Everybody—Democrats and Republicans alike—all want to get rid of wage and price controls "as soon as possible." The time is **right now!** The controls were never needed, and the Anti-Inflation Amendment will prevent the need for controls in the future.

> Section 2: CONGRESS SHALL MAKE NO LAW RESTRICTING THE FREEDOM OF WAGES AND PRICES. THE RIGHT OF CITIZENS TO MAKE CONTRACTS AND TO TRADE FREELY AMONG THEMSELVES SHALL NOT BE ABRIDGED.

This idea has been suggested by George Meany, President of the AFL-CIO, and by George McGovern during his election campaign. Richard Nixon supported this principle until 1971, and may someday support it again. In addition to this general statement, we propose the following specific definition of economic freedom as an important addition to the constitution of the United States:

IF YOU SUPPORT THIS PROPOSAL, SEND YOUR NAME TO THE COMMITTEE.

3. CARTEL MONOPOLY PRICES FORBIDDEN

The government not only causes inflation and economic depressions, it sometimes makes things worse by price controls in favor of certain vested interests, and cheats the consumers because **competition** is against the law. We need competition in our free economy to make the system work.

> Section 3: THE GOVERNMENT OF THE UNITED STATES, OR OF ANY STATE, SHALL NOT, THROUGH ANY LAW OR ADMINISTRATIVE ACTION, PREVENT OR FORBID ANY PERSON OR CORPORATION FROM OFFERING FOR LEGITIMATE SALE OR FROM LOWERING THE SALE PRICE OF WHATEVER GOODS OR SERVICES MAY BE COMMERCIALLY TRADED.

This idea was first suggested by Milton Friedman. All it says is that consumers deserve the lowest prices possible, and the government should not obstruct competition in any way.

FOR INFORMATION WRITE TO THE COMMITTEE, BOX 4691, CHICAGO 60680

foreign correspondent

POLLUTION AND THE THIRD WORLD

Buenos Aires, Argentina

A subject which has become fashionable in the last years, and which more recently has raised very concrete problems, is the Pollution thing. The World Conference at Stockholm last July, the famous report of the MIT group for the so-called Club of Rome (thirty personalities gathered in 1968 at Rome to consider the world future), report which recommended a "zero-growth" alternative, helped to put the pollution issue at the top of the public attention.

I shall not enter into arguments about the exaggerations of some "ecologists", nor about the proper legal remedies. In *REASON*—as in some other journals—those aspects have been expertly considered. I shall try to give you an idea of the problem as seen from here.

It can be said that there is a growing "impression" among underdeveloped countries that if concern about pollution means slowing the industrialization and modernization process, then let's forget it. Some people even think that developed countries are trying to "sell" the pollution issue to the underdeveloped countries in order to stop the development of the last ones, apparently a paranoic attitude. But in a more serious vein, there is a widespread feeling that pollution control can become a major obstacle toward progress and modernization of economic structures. The idea is that pollution concern is a typical worry of a rich nation but that in underdeveloped ones it is a small price to pay for the eradication of fundamental and basic wrongs such as poverty. Let's develop and worry later, might be their motto.

This stand is presently advocated by Brazil, who has even invited industries of all the world worried and troubled by pollution controls, to install their factories in their territory.

However, another school of thought believes that the preceding description is fallacious and that in the specific case of Brazil poses a threat to the natural resources of some neighboring countries.

As to the first aspect, it is argued that economic development of developed countries was not simultaneous nor homogenous; when England had an established industry, Germany was a backward and divided country and USA an agrarian producer; that is why these two last countries were able to avoid some technical stages—those more primitive—arriving to the development of its basic industries when the corresponding technology had already surpassed its early non-sophisticated stage. This could be the great historical advantage—among all the other disadvantages—of relatively underdeveloped countries: starting with a more modern technology (brought, imported, etc.) they are able to save all rectifications, advancements and regressions through which older countries had to pass before. As a consequence, Third World countries can avoid an important portion of the negative consequences of technological progress. (To give an example of my own: apparantly, if a country today wishes to produce its first atom bomb, it shall not have necessarily to be one of those "dirty" bombs produced early in the process by USA and the USSR, being able to produce from the beginning a "clean" one. Apply this horrible example to a more productive industrial activity and you'll get the core of the second thesis).

As you may see, Brazil's thesis is very interesting and useful to deal with leftists worried about world poverty but advocating "zero-growth" ideas.

On the other hand, Brazil's invitation to polluting industries means a very real threat to the water resources of the Silver Basin (river system formed by the Paraguay and Parana Rivers, born in Brazilian territory but running throughout more than 3,000 miles of Argentinian, Uruguayan and Paraguayan territories, and ending in a delta formation in the Silver River). These rivers possibly to be polluted by Brazil producers represent 83% of the rivers of Argentina, the basis of its economy and the origin of the drinking water for the main urban zones, among them Buenos Aires city, where I am now writing this column. Therefore, the problem is worrying indeed and of great potential consequences.

N. Guillermo Molinelli

movies

REVIEWED BY CHARLES BARR

• Movie buffs who like their movies in the buff are likely to have mixed reactions to **LAST TANGO IN PARIS.** As noted in the recent heavy media buildup, the film has ample measures of sex and nudity, though not necessarily in the same scenes. Viewers expecting outright pornography will be disappointed: in the sex scenes, the performers are as fully clothed as possible under the circumstances, while the nudity, scattered at random throughout the film, is not markedly different from the casual nudity of many contemporary films. What we have here, aside from the more sensational elements, is a well-crafted European movie with an overworked theme: alienation. Marlon Brando delivers a sympathetic portrayal of what is, at heart, a rather disagreeable character. He plays an American expatriate sponging off his wife, who runs a sleazy small hotel in Paris. Shortly after his wife's suicide, he meets a young French girl and begins an affair with her. In a deliberate move to deny any deep meaning to the relationship, Brando insists that neither of them tell each other their names or anything about their outside lives. This attempt at a purely physical relationship eventually backfires for both of them; the girl becomes alienated by Brando's aloofness, while he becomes more dependent upon her, finally opening up in an attempt to win her back.

Despite Brando's presence, the film is unmistakably European. Bernardo Bertolucci's direction infuses the movie with energy, partially overcoming its atmosphere of decline and despair. Some confusion is occasioned by the continual switching of the dialogue between English and French (with subtitles). And the exclusive use of quick cuts throws off one's sense of timing; the director apparently has never heard of dissolves or fades. The photography is excellent. Maria Schneider is impressive in her first major role as Brando's temporary girl friend, though the character she plays is somewhat shallow and undefined. Jean-Pierre Leaud, as a brash young documentary filmmaker, acts the role as a parody (which could be intentional). All told, *LAST TANGO IN PARIS* is well photographed, somewhat under-plotted and well acted, but not quite the sex sensation of the century. Rated "X".

Maria Schneider and Marlon Brando take a break from their more engrossing activities in LAST TANGO IN PARIS.

• Despite an overblown superhero image, Clint Eastwood successfully creates an allegorical Western morality play in his latest movie, **HIGH PLAINS DRIFTER.** It's sort of a *HIGH NOON* in reverse, with Eastwood as an avenging angel (or devil) whose mission is to bring an entire corrupt town to justice. His methods are unorthodox. First he kills three scummy characters who are the town's sole protection against an approaching group of outlaws. Then, after suitable grovelling by the local citizens, he takes on the job of protecting the town himself, using his position to rub everyone's nose in the dirt. As in some of his previous movies, Eastwood's characterization lacks definition, but since the film is more symbolic than realistic, this flaw is not serious. Capable supporting performances are provided by Verna Bloom, Jack Ging, Mitchell Ryan and Mariana Hill. The photography, especially in the title sequence and the climactic scenes, is breathtaking. In addition to starring, Clint Eastwood directed the movie, and his direction maintains the pace and energy even when the screenplay occasionally falters. Rated "R".

• In **SCARECROW,** it's performance that counts. Gene Hackman and Al Pacino create engaging, sympathetic characters in the midst of a movie that is overlong, thinly plotted, aimless and, despite its realistic atmosphere, heavily contrived. They play a pair of drifters, none too intelligent, who meet by chance and agree to become business partners. Hackman portrays an eccentric ex-con, with a few thousand dollars to his name and ambitions of opening his own car wash. He is secretive, short-tempered and wears half a dozen layers of clothes (which does cut down on the need for a suitcase). Pacino plays a likeable if irresponsible clod, returning to visit the wife and child he abandoned five years ago. He attempts to survive in a hostile world by making people laugh at him. Excellent performances are also turned in by Dorothy Tristan as Hackman's sister, and Ann Wedgeworth as his good-looking if slightly addled girl friend. The movie itself tends to ramble badly, and it's not until the last half hour that someone remembers that, by golly, there's supposed to be a plot in here somewhere. The final moments are credible, and somewhat reminiscent of *MIDNIGHT COWBOY.* The problem is that it takes too long to get there. Rated "R".

• Considering its star-filled cast, one might justifiably expect **THE TRAIN ROBBERS** to be a better movie than it is. Not that it's really bad—it's just so damned ordinary. There's hardly an original plot twist or line of dialogue in the entire film. John Wayne assembles a group of men in Texas around 1870 to find a stolen cache of gold and turn it in for the reward. Along for the ride is Ann-Margret, who is the only person alive who knows where the gold is hidden. As they ride, they are pursued by a gang of outlaws intent on taking the gold for themselves. In this film, it was evidently not deemed necessary to give the outlaws an identity; they are never seen close-up, not even during the inevitable gun battles. The impersonal nature of the villains robs the film of much of its emotional and dramatic impact, making the violence seem almost gratuitous. The relationships among the principal characters do not fare much better. Rod Taylor and Ben Johnson play old fighting buddies of John Wayne, a static relationship which does not change during the course of the film. A tentative rapport between Wayne and Ann-Margret is abruptly broken off two-thirds of the way through the story when he tells her, "My saddle is older than you are." A sense of isolation, an emotional vacuum, pervades the entire movie, heightened by scenes of vast stretches of desert broken only by a railroad track. Ricardo Montalban plays a mysterious stranger on a mission of his own, and helps to give the plot a surprise twist at the end. Unfortunately, as *THE TRAIN ROBBERS* proves, a movie cannot live on plot alone. Rated "G". ◼

MARLBORO

A dusty cowboy
leans back against his saddle
in the moonlight
a silhouette against the sky
and pours tobacco out of his pouch
onto a slip of paper in his calloused
right hand rolls the smoke with two fingers,
a thumb, flick of the tongue
then strikes a match
along the heel of his left boot

Michael Helm

libertarian party correspondent—

"Daddy, I'm no virgin
and I've already waited too long"
—Carly Simon

The libertarian movement has lost its political virginity and news from New York concerning the success of that state's Free Libertarian Party Convention indicates that the LP would be justified in paraphrasing Ms. Simon's lyrics. About 150 delegates attended the three day convention which concluded April 1.

Featured speakers at the FLP convention were Dr. Murray Rothbard and Harry Browne. Rothbard was noticeably more enthusiastic about the libertarian political movement than he has been in the past. Citing the bankruptcy of traditional conservatism and contemporary liberalism, he said that conditions appear ideal for a philosophically consistent third party to make its presence felt on the American political scene.

Rothbard further commented on the unfortunate fact of modern American life that relatively few people seem to show any serious concern over important issues having tremendous bearing on their lives, except during political elections. Running libertarian candidates for public office, he said, appears to be an excellent means of penetrating the intellectual vacuum that is Americana.

The recent devaluation of the dollar has made Browne something of a prophet to those who believe in astrology and Keynesian economics. He spoke to the New York Convention on how to be free in an unfree society, the subject of his most recent book.

The FLP, which has been the most active of the state parties in terms of running candidates for public office, nominated Fran Youngstein as its candidate to squeeze into Lindsey's shoes. Other candidates nominated were Bill Lowry for President of the City Council and Tom Avery for Comptroller. Those wishing to help Youngstein's campaign for Mayor should send their contributions to the FLP at 15 West 38th Street, New York, N.Y. Sandy Cohen has previously announced as the FLP's candidate in the 25th Congressional District in Poughkeepsie.

In other action at its convention the FLP elected the following officers: *Andrea Millen, Chairperson; Ray Strong,* Vice Chairperson; Howie Rich, Vice Chairperson; and Jerry Klasman, Treasurer. The FLP chose not to adopt a platform.

Dave Nolan of the National LP is spearheading a drive to get minor parties on all state ballots. Results from Washington, Colorado and California where LP presidential candidate Hospers faced direct competition from the Socialist Workers and Communist parties appear to indicate the LP could have drawn over 300,000 votes last November if it had been on the ballot nationally. Vote counts from those three states (California was write-in) gave Hospers 3628, SWP 1863, and CP 1371.

STATE PARTY REPORTS

ALASKA. The LP has been very active in getting media exposure. Hospers appearance at the state convention was particularly well covered. State Chairman Grant La Point ran a last minute write-in campaign for a special Congressional election. He reports the response was encouraging.

ARIZONA. A large turnout at the recent state convention elected Nathan H. Stevens of Scottsdale State Chairman. A special convention to adopt a platform is being planned.

CALIFORNIA. Roger Scime received 19,524 votes in his campaign for the Los Angeles Community College Board of Trustees. Although Scime did not win the election, his showing was an impressive one.

COLORADO. State LP will run three candidates for City Council in Colorado Springs.

HAWAII. Membership is near 50 and growing rapidly. A brochure entitled *PUBLIC ENEMY #1—GOVERNMENT* is available by writing to P.O. Box 57, Kaaawa, Hawaii 96730.

MICHIGAN. State convention will be held May 4 and 5 at the Pick-Fort Shelby Hotel in Detroit. This is one of the largest and most active state parties.

MINNESOTA. The Executive Committee of the LMP has decided to actively sup-

Photo by Bryan Remer

Antony Sutton of Stanford University's Hoover Institution addresses delegates at the recent state convention of the Libertarian Party of California.

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port a bill in the Minnesota House of Representatives which would remove the requirement of having a state license to practice law. Richard Kleinow is the new State Chairman and may be contacted at (612) 822-1265.

NEW HAMPSHIRE. State Chairman Arthur Ketchen is lending his support to a new organization called Independent Arbitrage International which intends to create a worldwide currency system that would be independent of government printing presses. Dr. Ralph Boisodi is the head of IAI whose new currency is called "Constants."

NEW JERSEY. At the recent state convention John Goodson of New Brunswick was nominated for Governor. Murray Rothbard spoke at the convention which also nominated Ralph Fucetola and Philip DeBlock for State Assembly.

OKLAHOMA. Steven Brown's libertarian campaign for the Norman City Council netted 1,444 votes, an outstanding total considering Steve's no compromise campaign. LPO Chairman Frank Robinson spoke at the ILS Seminar-Conference in Dallas and proposed that candidates for public office accept only anonymous campaign contributions.

TEXAS. State convention of the TLP will be held June 1-3 in Waco. An ILS Workshop will be held in connection with the convention for the purpose of discussing the practical problems of local political organizing. Mike Holmes is in charge of the Workshop. The first annual ILS Conference was held on April 21 in Irving and is reported to have been a major success.

WASHINGTON. Yet another state convention. This one to be held May 25-27 in Seattle. Pro-tem State Chairman is Skip Barron who headed the successful last minute effort to get the Hospers-Nathan ticket on the ballot in Washington.

NOTES

Many state LP Parties actively participated in the SIL-sponsored National Tax Protest Day. April 14 . . . New slogan for the LP is "Declare Your Independence" . . . California LP has received a membership resignation from a man who took exception to its endorsement of the decriminalization of marijuana and the abolishment of selective service. His note suggested the LPC "must be nuts" and/or "a bunch of hippies" . . . LP Vice Presidential candidate Tonie Nathan recently visited Party members in Los Angeles . . . New address for the National LP is Box 31638, Aurora, Colorado 80011. Write there for information on National Convention to be held June 8-10 in Cleveland . . . California LP knows of a potential American Party supporter . . . What's left of YAF held its Western Regional Conference in California on April 27 and the LPC was there spreading subversive ideas . . . Items of interest from state LP parties should be sent to Reason Reports, c/o LPC, P.O. Box 71383, Los Angeles, California 90071 on or before the first of each month for timely inclusion in this column . . . .

Edward H. Crane, III

FREEDOM

Freedom is the space outside
the ledge of a cliff
If you want it
You have to jump out
And wrap your arms around it
Until you are left holding nothing
But yourself

Michael Helm

book review

Reviewed by Ronald E. Merrill

IN VIVO. By Mildred Savage. New York: Simon and Schuster, 1964. Pp. 639. $5.95 hb. Greenwich, Conn.: Fawcett. Pp. 639. $1.25 pb.

Although scientific research is one of the most exciting activities a man can engage in, there has been very little fiction written about it. Such books as have appeared have considered science either as a random activity, of no special significance (as in C. P. Snow's *THE SEARCH*) or condemned it as a source of evil and destruction (as in Pearl Buck's *COMMAND THE MORNING).* In contrast, *IN VIVO,* a novel by Mildred Savage, depicts science as it is: demanding, fascinating—and immensely benevolent. The value of science is dramatized by her choice of topic: the search for a new drug.

The story is set in the late 1940's. The first two antibiotics (penicillin and Streptomycin) have recently been discovered. Tom Cable, a young biochemist, comes to his employers with a radical proposal: to search for a more powerful drug of a new type—a broad spectrum antibiotic. The directors of Enright, a small chemical company, are not enthusiastic; the venture would mean investing millions in exploration of an unknown field, with no guarantee that success is even possible. Cable soon finds that persuading Enright to undertake the project is only the beginning of his struggle. He must fight two battles at once: against a scientific problem of fantastic difficulty—and against increasing opposition to the project, as costs mount and continual failure begins to demoralize the entire research staff.

One of Savage's greatest assets as a writer is an uncommon psychological perceptiveness. By means of it she creates characters who are both believable and *interesting:* Mills, the madcap but competent pharmacologist; Ade Hale, Enright's president, who finds his "objectivity" concerning the project turning to fascination; Brainard, vice-president, who sees in the project's expected failure a chance to discredit Hale and take his job; Brainard's daughter Diana, who first attracts Cable by her fiery idealism, then repels him by her lust for power.

Unfortunately, *IN VIVO* has some annoying flaws. Aside from a rather loose plot and some stylistic immaturities, one must take exception to the strong implication in this book that women are fit only to encourage their husbands, or, at most, work as lab technicians. Also, there is a strange ambivalence in the author's style, as if she were making an unnatural effort to force herself to be naturalistic; every so often an incident is inserted to make Cable seem more "ordinary"—a device which fails totally.

But the great value of this novel is its power to convey the nature and goals of the scientist. Savage makes the reader feel the frustration of the antibiotics that are not good enough, the antibiotics that *are* broad spectrum but are toxic, the weeks and months of failure after failure—and the scientist's reward, the passing of that final test when drug and disease meet in silent combat in the veins of an old woman dying of pneumonia. It is the untold story of science which *IN VIVO* tells—and tells well. ◻

Ronald Merrill is completing his work for the Ph.D. in chemistry at the University of Oregon. His article, "The NEW Anti-Science Movement," appeared in REASON, January 1973.

trends

FDA VITAMIN BAN UNDER FIRE

On 19 January 1973 the Food and Drug Administration published their "final order" regulating the sale of vitamin and mineral supplements. The new rules were as bad as had been anticipated. Within days loud voices of protest began to be heard, from consumers, health-food manufacturers and dealers, and scientists such as Dr. Linus Pauling (author of *VITAMIN C AND THE COMMON COLD).* The National Health Federation, an activist organization of health food consumers and manufacturers, called the FDA order "unwarranted and illogical . . . a rank and arbitrary invasion of the freedom of the American people to freely purchase safe nutritional substances of their choice without a physician's prescription." The Pharmaceutical Manufacturers' Association urged against implementation of the order without further study, and particularly opposed the low limits set for Vitamin A, as did Dr. Pauling.

The FDA order drastically limits the potencies and combinations of vitamin substances within arbitrary limits. According to the FDA's own estimates, the limits will outlaw about 80% of the vitamin and mineral supplements now being marketed. The order sets up five basic allowable combinations of vitamins and minerals, into which all legal products must fit. *Excluded* are a vast number of current formulations, such as B-complex formulas, calcium plus Vitamin D, combinations of Vitamins A and C, etc. The order also severely restricts the potencies available without prescription (with such *upper* limits as 5000 units of Vitamin A, 45 units of Vitamin E, 90 mg. of Vitamin C, 30 mg. of niacin). In addition, a host of naturally occurring nutritive factors not on the agency's official supplement list may *not* be included in combination with vitamins on the list (e.g., bioflavinoids may not be sold in combination with Vitamin C even though they occur together in nature); furthermore, no nutritional claims whatsoever may be made for such factors.

Most amazing of all are the FDA's absolute prohibitions on certain advertising statements, *regardless of the evidence* supporting the claims. The new order specifically:
(1) *Prohibits any claim or promotional suggestion that dietary supplements are sufficient in themselves to prevent, treat, or cure disease* (apparently ignoring such diseases as scurvy and rickets)
(2) *Prohibits any implications that a diet of ordinary foods cannot supply adequate*

nutrients (ignoring all recent studies on the inadequacy of many American diets)
(3) *Prohibits all claims that inadequate or insufficient diet is due to the soil in which the food is grown*
(4) *Prohibits all claims that transportation, storage, or cooking of foods may result in inadequate or deficient diet*
(5) *Prohibits all claims that vitamins and/or minerals derived from natural sources are in any way superior to those derived from synthetic sources*
Apparently bureaucratic edicts are now supposed to be sufficient to resolve empirical questions!

In response to this incredible assertion of power, the National Health Federation has announced a three-pronged campaign against the new order. First, NHF has filed exceptions to specific points covered by the order, in hopes of causing the FDA to reconsider. Secondly NHF is preparing a court action to challenge the FDA's legal authority to promulgate such regulations, and to challenge their factual basis. Finally, NHF is urging citizens to support a bill introduced by Rep. Craig Hosmer to amend the Food, Drug, and Cosmetic Act. The bill, H.R. 643, would remove from the FDA the legal authority to propose or enforce regulations of the type discussed here. Conceivably, at least one of these approaches will be successful in preventing the FDA from violating people's right to make their own decisions regarding vitamins and minerals.

SOURCES:

- News item, *CHEMICAL AND ENGINEERING NEWS,* 19 February 1973, p. 7.
- "New Food Supplement Regulations Announced by FDA," *NATIONAL HEALTH FEDERATION BULLETIN,* March 1973, p.1.
- "NHF Maps Legal and Legislative Strategy," *Ibid.,* p.3. (Information on the National Health Federation may be obtained from them at P.O. Box 688, Monrovia, CA 91016)

SAYING NO TO NATIONALIZATION

Recently it has become fashionable to speak despairingly of the situation facing the Penn Central and the five other bankrupt eastern railroads. Almost without exception, the proposed rescue plans involve massive subsidies (as do the industry and ICC plans) or outright nationalization (as recently suggested by various politicians and columnists). In the midst of this rampant statism, the Nixon Administration has put forth a "plan"—one that is, by contrast, a breath of fresh air.

Basically, the Administration plan amounts to a sophisticated end-run around the creaky ICC and union regulations that caused the railroads' plight to begin with. The plan would have Congress authorize the creation of a private, profit-making corporation to pick up the pieces of the bankrupt roads. The corporation would raise money in the private capital markets, issue its own stock, and buy up the economically viable portions of the bankrupt roads. All other portions of the bankrupt systems would finally be abandoned, *without* ICC approval. Most important of all, no federal (taxpayers') money of any kind would be involved.

Another part of the Administration package, as announced by Transportation Secretary Claude S. Brinegar, would be to make major changes in current regulations, to reduce the likelihood of additional railroads being driven into bankruptcy by the ICC. The new rules would "pave the way for more rapid abandonment of unprofitable branch lines, simplify rail merger procedures, permit bankruptcy courts more authority to streamline insolvent rail companies, and generally add flexibility to the setting of freight rates."

The new proposals represent a clear-cut rejection of the interventionist plans offered by the ICC and the railroad industry. The ICC plan would involve a new 1% transportation tax, assessed nationwide, on all surface transportation, for the benefit of the bankrupt railroads. It also calls for state subsidies, and envisions only minor abandonment of marginal routes. The industry plan calls for creation of a federal, tax-supported railroad reconstruction finance agency to make loans for major capital improvements. Either plan would represent a major new government intervention into railroading. So, of course, would nationalization, which as Brinegar put it, "would only be one more one-way street to more and more federal spending."
The Administration plan is the only proposal based on sound free-market principles, and the only one which offers a reduction in the scope of government involvement.

SOURCE:

- "Private Agency to Save Failing Railroads Urged," William H. Jones, *LOS ANGELES TIMES/WASHINGTON POST,* 27 March 1973.

FREEDOM IN THE AIR?

Of late, there's some reason for optimism regarding the recognition of property rights in broadcasting. In spite of charges to the contrary, the director of the Office of Telecommunications Policy (OTP), Clay Whitehead, says the OTP is committed to *less* rather than *more* regulation of broadcasting. In a letter to the head of a National Association of Broadcasters task force, Mr. Whitehead said more freedom would come when there's "some indication that voluntary exercise of responsibility by broadcasters is an effective substitute for controls."

Another former OTP staffer, former General Counsel Antonian Scalia, recently added to the heresy. Speaking at the forum on "Broadcasting and the First Amendment" at the Center for the Study of Democratic Institutions, Scalia startled liberal newsmen and professors by pointing out that the fairness/free press controversy arises out of the wording of the Federal Communications Act itself. The Act contains the inherently contradictory provisions that the FCC must not engage in censorship *but* must regulate (including the selection of license applicants) on the basis of service to the "public interest." How, Scalia asked, can the FCC decide who is a responsible journalist (and hence, serving the public interest) unless it examines program content? And what is this but censorship? Thus, as long as there is regulation, there will be censorship.
Despite the liberals' consternation, Scalia went on to advocate the immediate steps of *deregulating* radio and loosening the application of the Fairness Doctrine.

At the same time, a former chairman of the Federal Communications Commission, E. William Henry, seems to be checking his premises. At an Oklahoma City conference, the New Frontier commissioner questioned the fundamental regulatory principle that airwaves are "owned by the public"—an assumption, he says, that diverts policy-makers "in mischievous ways". Mr. Henry also described the "scarcity" and "unique impact" arguments as "apparently invalid"; and found the distinctions between print and broadcast in determining claims to First Amendment rights as "most disturbing".

And, a recently-resigned Presidential Advisor has granted credibility to the property rights principles outlined in Ayn Rand's "Property Status of Airwaves" (*OBJECTIVIST NEWSLETTER,* April 1964). Charles Colson told a P.B.S. audience that Milton Friedman's suggestion that licenses be "auctioned off" is a possible alternative to the administration's proposed license-renewal bill. Mr. Colson says purchasers would retain licenses in perpetuity and could present any views they pleased. He added that present anti-trust legislation would prevent "undue" concentration of ownership.

SOURCES:

- Various articles, *BROADCASTING MAGAZINE,* 5 February 1973, pp. 11, 30, 40. (compiled and submitted by William Westmiller).
- "Broadcasting and the First Amendment," KCSB-FM broadcast, 20 February 1973.

NEW DANISH ANTITAX PARTY

A recent poll in Denmark shows a tremendous increase in voters' support for the Progress Party, a new antitax, antibureaucracy party. The party was formed last year by Mogens Glistrup, a tax attorney, with a program calling for gradual abolition of all income tax and firing of 90 percent of all public administration personnel. Until last year's formation of the Libertarian Party in the United States and Denmark's Progress Party, the only contemporary political party in the world which came close to adhering to a belief in truly limited government—to *REASON's* knowledge—had been the Independent Party in Denmark. Although the Independent Party is no longer a political force there, it had previously held several seats in the Danish Parliament, and *REASON* editor, Manuel Klausner, had become acquainted with various of its leaders during his academic sojourn in Copenhagen in 1963-64.

According to polls taken by the Danish business newspaper, *BØRSEN,* the Progress Party jumped from 7.2 percent of the popular vote in March to 18.2 percent in April. Based on the April poll, *BØRSEN* predicts that the Progress Party would win 33 of Parliament's 179 seats, if an election were held soon, which would make it Denmark's second largest party.

Progress Party leader Glistrup is popularly known as Mr. Zero Percent, because of his reputation for bringing his and his clients' taxable incomes down to zero. Mr. Glistrup's tax acumen has made him the target of a government investigation which is probing into his methods for doing away with his clients' tax problems. A welcome addition on Denmark's political scene, the Progress Party presents a distinct alternative to Denmark's traditional political parties. The Danish "anti-Socialist" parties are comparable to Britain's Tory Party (see Pauline Russell's report from England in last month's *REASON*) in their support of the free market. We wish Mr. Glistrup and the Progress Party well in their efforts to turn the tide in this tax-burdened welfare state. ◼

publisher's notes

• **NEW REASON STAFFER:** We welcome to *REASON's* staff our new Libertarian Party correspondent, Edward H. Crane, III, whose regular column on national and state LP activities was inaugurated last month. Crane served as Tonie Nathan's campaign manager in her race for Vice President last November against Spiro Agnew and Sargent Shriver, and he is presently State Vice-Chairman for Southern California of the Libertarian Party of California. Crane is a successful investment counselor and has recently moved his offices to one of the 52-story towers in ARCO Plaza—which appears to house more libertarians than any other office complex in the United States.

• **FACULTY REGISTRY PROJECT:** More than two hundred faculty members are contained on *REASON's* tentative listing of college faculty who offer courses of interest to students interested in libertarianism. We have received many enthusiastic responses concerning the project from faculty members throughout the world. Unfortunately, high costs of printing and mailing have made it difficult for *REASON* to proceed with the project. We welcome readers' contributions to help us carry on with the faculty registry project. Assuming sufficient financial support, we shall contact all those on the tentative list before publication of the registry. We feel this to be a worthy project, and we hope to receive enough funds to complete it in the near future.

• **THE YEAR OF REASON:** As noted in our editorial last month, "On Beginning *REASON's* 5th Year," we would like our readers to help us make 1973 the year of *REASON.* To help *REASON* grow, we are offering a **free three-month subscription extension** for each reader who gives a gift subscription during 1973 (commencing with Volume 5 in May). Give *two* gifts and get a *six-month* extension, *four* gifts for a *12-month* extension. Gift subscriptions to your local college or public library provide an excellent way to help spread the influence of libertarian ideas, not to mention your teachers, friends, family or business associates. How many new *REASON* gift subscriptions can *you* send us in the next thirty days?

• **KLAUSNER ON AMNESTY:** *REASON* editor Manuel S. Klausner delivered a three-part editorial response on the subject of amnesty on KNX radio in Los Angeles. Speaking in March on behalf of the Libertarian Alternative, Klausner urged that "the only policy consistent with reason and justice is unconditional amnesty for all draft resistors." Klausner stated that the military draft was a gross abuse of the government's power over its citizens in a free society, and cited the recommendations of President Nixon's Commission on an All-Volunteer Armed Force which called for an end to the draft. Klausner observed that President Nixon's Commission recognized that the draft is actually a *tax*—under which the minority of the population who are drafted are compelled to render service at low wages to the government, and quoted the Commission's conclusion: "It is hard to imagine a means of imposing the cost of defense . . . more in conflict with accepted standards of justice, equality and freedom in the United States."

• **LIBERTARIAN MUCKRAKERS:** Libertarian activists at Harvard announced just before press time that financial backing has been pledged for a major muckraking of HEW and HUD this summer. The project is the first step in the creation of a permanent libertarian "Nader's Raiders" group in Washington—and it is essential to determine *soon* whether enough libertarians can spend this summer in Washington to make the effort worthwhile.

If you are a young libertarian who would like to help research scandals and stupidities in the social welfare bureaucracies, you should respond promptly. Funding for the group should be no problem, but at this stage, volunteers should expect only to be compensated for living expenses.

A. Ernest Fitzgerald, a libertarian who was fired as a cost analyst for the Pentagon after he discovered a $2.5 billion overrun in the C-5a program, has agreed to take a leading post in the task force. Assuming that over half a dozen qualified libertarians agree to participate as investigators and staff, the project will be launched, and will produce a major report for release in the early fall. Mail a description of your background and interests—if interested in the group—to

Hold it.

Fresh analysis not found in the current newsletter. You need not understand or agree with this theoretical material to benefit from League services.

The League claims to be a highly evolved society which is preferable to political government. If so, it's appropriate that League ads have some substance. However, due to the expense of this space, we present mostly conclusions without supporting analysis.

Feedback Systems

"The League has well-structured feedback systems."

Sounds like a porno movie ad. No, it's the League's way of introducing some important technology into the freedom arena.

Fortunately, feedback analysis can be useful without the complex mathematics made famous by the pioneer, Prof. Jay Forrester of MIT.

Put simply, a feedback system observes an action, then alters that action according to a formula. For instance, a driver keeps his car on course by steering to reduce the lateral distance between the car's center and the lane's center.

Negative feedback seeks a goal, as does the driver. **Positive feedback** causes ever-greater growth based on previous growth.

Most situations couple negative feedback with positive feedback systems. For instance, an organization may at first grow with increasing speed, then taper off towards a plateau indicating market saturation.

First-order systems, those which have only one decision factor, such as the car's distance from lane center, yield apparently obvious conclusions.

Suppose you achieve your independence. Each time someone infringed your freedom, you would want a negative feedback mechanism to fend off the culprit. The Declaration of Independence and the Bill of Rights had no such device, so they failed.

The League is just that kind of first-order system. And it makes the most accurate reactions to feedback since the League is operated for profit.

Significantly, political governments not only lack the mechanisms to maintain freedom, they embody the mechanisms which accelerate away from freedom and towards total state control. To paraphrase Lord Acton, "Power enslaves: Absolute power enslaves absolutely."

Fortunately, private efforts have retarded these political mechanisms, and can be expected to reverse political tendencies with the aid of the League.

Most libertarians have a mental model which views history as a series of oscillations, each crest coming closer to 100% freedom, then slipping back a little. Space does not permit explanation, but the League claims to have the technology to damp the fluctuations and head most directly towards freedom.

In summation, if you haven't requested League information, get your feedback system in gear.

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Don't panic.
If you did not send for League literature after reading the ad last month, it's no crisis. Again, the League is coaxing you to send for information. Invest a postage stamp and a few minutes to get a wad of stuff, including a League newsletter. Hustle. You will get many more chances to request League literature, but why wait?

Examine the League for yourself. Simply request information. You will receive

a) a brochure describing the League's purpose, policies, code of ethics and services.
b) a copy of the current newsletter.
c) a personal letter from the League independent agent who will work with you if you join,
d) a convenient pre-addressed return envelope.

Send for League information. Because freedom is just talk 'til we get together.

Contractual Mutual Defense League
9348 Santa Monica Blvd, Suite 101
Beverly Hills, Calif 90210

the following address as soon as possible: Libertarian Task Force, Lowell House D-51, Harvard University, Cambridge, Mass. 02138, or call Larry Siskind, 617/498-2927.

• **MACHAN'S NEW BOOK:** Associate Editor Tibor Machan is editing a book, to be published this fall by Nelson-Hall Publishing in Chicago. Titled *ESSAYS IN SOCIAL AND POLITICAL PHILOSOPHY: THE LIBERTARIAN ALTERNATIVE,* the anthology will include writings by such persons as John Hospers, Murray Rothbard, Yale Brozen, Hans Sennholz, Ludwig von Mises, Henry Hazlitt, D. T. Armentano, Alan Reynolds, and many others. Several of the included essays have appeared previously in *REASON,* including Tibor Machan's "The Schools Ain't What They Used to Be . . .", Robert Poole's "Fly the Frenzied Skies," Lynn Kinsky's "The FDA and Drug Research," and R. A. Childs, Jr.'s "Big Business and the Rise of American Statism."

• **JOIN REASON ASSOCIATES:** Memberships are still being sought for Reason Associates. Full details of membership benefits were set forth in our January and March issues. *Regular membership* costs only $25 (for individuals or couples) and entitles members to receive an autographed paperback edition of *LIBERTARIANISM* by John Hospers, a free one-year *REASON* gift subscription, plus a membership card and handsome membership certificate. *Supporting memberships* cost $50 and *sustaining memberships* are $100 per year, each of which includes even greater benefits. Funds from Reason Associates help finance *REASON's* promotional campaign aimed at nonlibertarians. We invite all of our readers to join!

• **BLOODBATH IN BURUNDI:** An estimated 100,000 to 200,000 people were systematically killed by the government in Burundi last year. As reported by Stanley Meisler in the *LOS ANGELES TIMES* on April 4 and April 8, 1973, "the Burundi government, in a chilling and calculated way, tried to kill all members of the majority Hutu tribe . . . who had some education, wealth or potential for leadership." The Hutus—a short negroid people—had outnumbered the ruling Tutsi tribe almost 6 to 1. The Tutsi tribe—a tall slender Hamitic people—have for centuries acted as lords in the almost feudal Burundi society, and struck against the elite of the majority tribe because of a persistent fear of a Hutu uprising and to guarantee power for at least another decade to the Tutsi government.

Meisler reports that one of the strangest aspects of the slaughter in this impoverished, little-known African country of almost four million was the feeble reaction of the rest of the world. Writes Meisler, "It is not difficult to imagine the outcry in the rest of the world today if the whites who run the government of South Africa had decided to put down a rebellion and guarantee their continued control by killing all black South Africans with some education, wealth or potential for leadership. Yet the events in Burundi, roughly analogous, provoked only a few whimpers of protest."

We would like to remind *REASON* readers of the ongoing governmental campaign against Asians in Africa, another example of government oppression without much public outcry. Readers interested in assisting Asian victims of government tyranny (see this column in *REASON,* April 1973) may want to contribute to the Asian African Relief Foundation, a nonprofit charitable foundation organized by a group of libertarians. Send contributions to AARF, P.O. Box 6262, Santa Barbara, California 93111.

• **PROMINENT LIBERTARIANS SUPPORT SPEAK OUT!** Four prominent libertarians have joined the Advisory Board of *SPEAK OUT! INC.,* a new citizens' organization to confront public apathy on vital issues, and the curtailment of press freedom.

John Hospers, Ph.D., Libertarian Party Presidential candidate; Robert Kephart, publisher, *HUMAN EVENTS;* Tonie Nathan, 1972 Libertarian Party Vice Presidential Candidate (and the first woman to have received an electoral vote); and Murray Rothbard, Ph.D., professor of economics, Polytechnic Institute of Brooklyn join cause advertising specialist and *SPEAK OUT!* executive director, John Zeigler, in seeking to educate people on how to present their views on any public issue in any media form.

According to Mr. Zeigler, *SPEAK OUT!* hopes to demonstrate that the press and the airwaves are major educational vehicles for constructive social change.

Other prominent individuals associated with *SPEAK OUT!* include attorney Melvin Belli, Goddard College president Dr. Gerald Witherspoon, author Cleveland Amory, Planned Parenthood president Dr. Alan F. Guttmacher, psychotherapist Dr. Albert Ellis, and cartoonist Jules Feiffer.

Background on John Zeigler and his views on the use of advertising to advance libertarian ideas can be found in "Advertising and Social Change: An Interview with John Zeigler," in the October 1972 issue of *REASON.*

• **NRC NAME CHANGE:** The Boston-based New Right Coalition, a libertarian-oriented political action group, has decided to change its name. To avoid misinterpretation of the terms "right" and "coalition," the group has dropped its old name and will now be known as Individuals for a Rational Society (IRS). *REASON* hopes IRS's new name will not lead to misinterpretations.

• **SENATE FAVORS GOLD:** The Senate voted 68 to 23 in April to permit Americans to buy, sell, or own gold, which has been banned from private possession since 1934. Freshman Senator James A. McClure (R-Ida.) introduced the measure as an amendment to the devaluation bill. McClure stated that the United States is the only nontotalitarian government which forbids possession of gold. However, the measure must still pass the House, and if successful there, faces a possible presidential veto. The Nixon Administration, sadly, opposed McClure's amendment.

News of the Senate passage of the McClure amendment overshadowed the daring action of the National Committee to Legalize Gold which—illegally—brought a bar of gold bullion to a press conference in Washington, D.C., that was set up to advocate legalization of gold ownership. Senator McClure spoke at the press conference along with Representative Steve Symms (see *REASON PROFILE,* April 1973). Treasury agents did not make any attempt to arrest those defying the gold ownership ban.

• **COMING NEXT MONTH:** *REASON's* July issue will feature "The New Education" by Charles R. Kelley, Director of the Interscience Work Shop, a comprehensive discussion of the educational revolution occurring both in and outside of the classroom. In his article, Kelley covers recent developments such as sensitivity training and encounter groups. Also scheduled for next month is Paul Gross' provocative article, "The Ethics of Polygamy." You can be assured of receiving our July issue by becoming a *REASON* subscriber—to subscribe, send in your check for $9.00 *today* to *REASON,* P.O. Box 6151, Santa Barbara, CA 93111. ◻

IF

internationally

. . . . . the dispute between the U.S.S.R. and Red China has assumed extremely serious proportions, and the struggle between these two powers for international supremacy now threatens the entire world with the very real prospect of a nuclear conflict.
. . . . . the diplomatic strategy of the U.S. government, intended to forestall this tragedy, has only succeeded in ensuring that our country will be directly involved in any such conflict.
. . . . . the position of the U.S. is made even more precarious by the weakened condition of our strategic forces.
. . . . . the apparently inevitable post-Vietnam isolationist mood in this country, which promises to deliver the oil-producing countries of the Mideast into the hands of the Soviets, will thereby provide Russia with a lever for blackmailing the U.S., already suffering from a serious energy crisis.

economically

. . . . . the instability of world markets in general (and of the U.S. dollar in particular), the decreasing competitiveness of American products, and the now well-established inflationary policies of our government pose an ever-increasing threat to the economic viability of any American family that does not depend on government handouts or a bureaucrat's paycheck.

politically

. . . . . freedom in America is now a thing of the past.
. . . . . government regulations are becoming more prevalent in every area of American life.
. . . . . the personal safety of every American – man, woman and child – is threatened by the alarming increase in violent crime, and this problem promises to worsen as the courts continue to provide special consideration for "political activists" and the "culturally deprived."
. . . . . assuming that the citizens of the U.S. will be spared (a possibly merciful) extinction via nuclear war, the strongest possibility that the course of American politics will change rests in one (or both) of two equally unpalatable alternatives: left-wing revolution or right-wing military coup.

THEN

. . . . . Libertarians, and their families, are especially vulnerable to these dangers. By virtue of their intellectual background, libertarians are in a better position than any other group to recognize the seriousness of the present situation; at the same time, because they are a small minority, libertarians are least able to act to correct the mistakes that have been made in the past, and that will continue to be made in the future. As a result, libertarians are not only condemned to continuous frustration, they are also denied one of the most basic prerequisites for a happy and successful life: a sense of security. The question of overriding importance, which must be faced at some point by every libertarian, is: "What can I do to improve the chances for survival for myself, for my family, for my friends, and for my way of life?"

. . . . . Political action is one answer. Libertarians now have their own political party; if internal conflicts do not abort this endeavor, some benefits are likely to accrue in the course of time. The problem with this approach is that political effort will probably require more time than is available.

. . . . . Another answer is to be found in the attempts to establish a fully sovereign libertarian nation; in this regard, the efforts of such men as Mike Oliver certainly must be applauded. Unfortunately, this type of project faces many serious difficulties, and success is not yet in sight.

. . . . . Educational activities, which are well-established and prospering, are indispensable to the success of a libertarian cultural revolution. Furthermore, most libertarians recognize that, as individuals, they can profit greatly by a continuing program of study and integration. Nevertheless, every libertarian eventually reaches a point where he is more interested in putting his ideas into practice than he is in the never-ending discussion and refinement of those ideas.

The above considerations, and their implications, have led to the formation of the Libertarian Society. The Libertarian Society is an exclusive organization, expressly dedicated to the personal, political and economic safety and survival of its members and their families, and to the achievement of a truly libertarian society during their lifetimes. If you would like to have further information, send your name and address to:

THE LIBERTARIAN SOCIETY

P.O. Box 21026

Phoenix, Arizona 85036

reason profile

ROGER LEA MacBRIDE

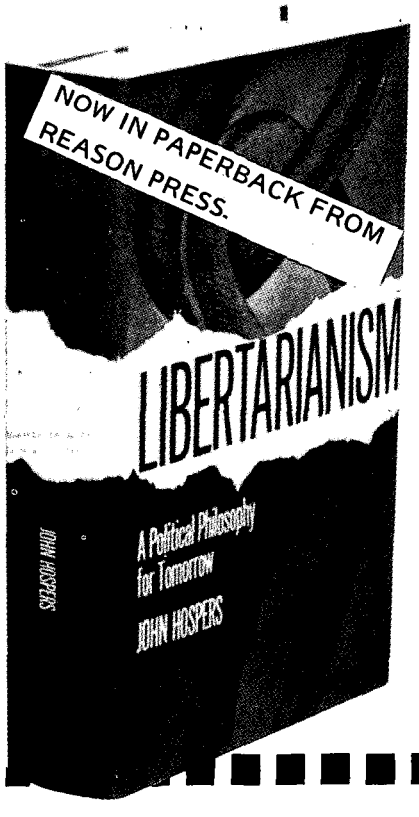
When the Electoral College votes were counted this January, the Republicans received a surprise: one of their electors from Virginia, Roger Lea MacBride, rejected Nixon and cast his vote for the Libertarian Party candidates John Hospers and Theodora Nathan. "I wasn't there," he said regretfully, "but I understand Spiro Agnew choked on the vice presidential vote for Theodora Nathan." (MacBride's vote made Mrs. Nathan the only woman ever to receive an electoral vote).

Born in 1929, Roger MacBride graduated from Phillips Exeter Academy, Princeton University, and Harvard Law School. In addition he spent a year at the University of Philippines doing graduate work in comparative constitutional law. Mr. MacBride has practiced law in New York City, in Vermont, and in Virginia and is currently completing small scale ocean-shore land development projects in Nova Scotia. His political experience includes having served in the Vermont legislature and an unsuccessful bid for the GOP gubernatorial nomination in 1964.

Mr. MacBride's introduction to libertarianism came during his friendship and association with authoress Rose Wilder Lane during the 1940's. He functioned as Ms. Lane's business agent and lawyer, and finally as executor of her estate. He has edited a book of her correspondence, *LADY AND THE TYCOON,* and has himself written *THE AMERICAN ELECTORAL COLLEGE* and *TREATIES VERSUS THE CONSTITUTION.* Mr. MacBride also spent 18 months on the Board of Directors of *NATIONAL REVIEW* during the late 1950's but left because of differences in philosophy.

Mr. MacBride now lives on a farm near Charlottesville, VA with his small daughter, Abigail Adams MacBride. His hobbies include flying his own plane, raising Black Angus cattle, and diving for lobster off-shore.

The case for "the idea whose time has come" . . .



LIBERTARIANISM

BY JOHN HOSPERS, PH.D., DIRECTOR, SCHOOL OF PHILOSOPHY
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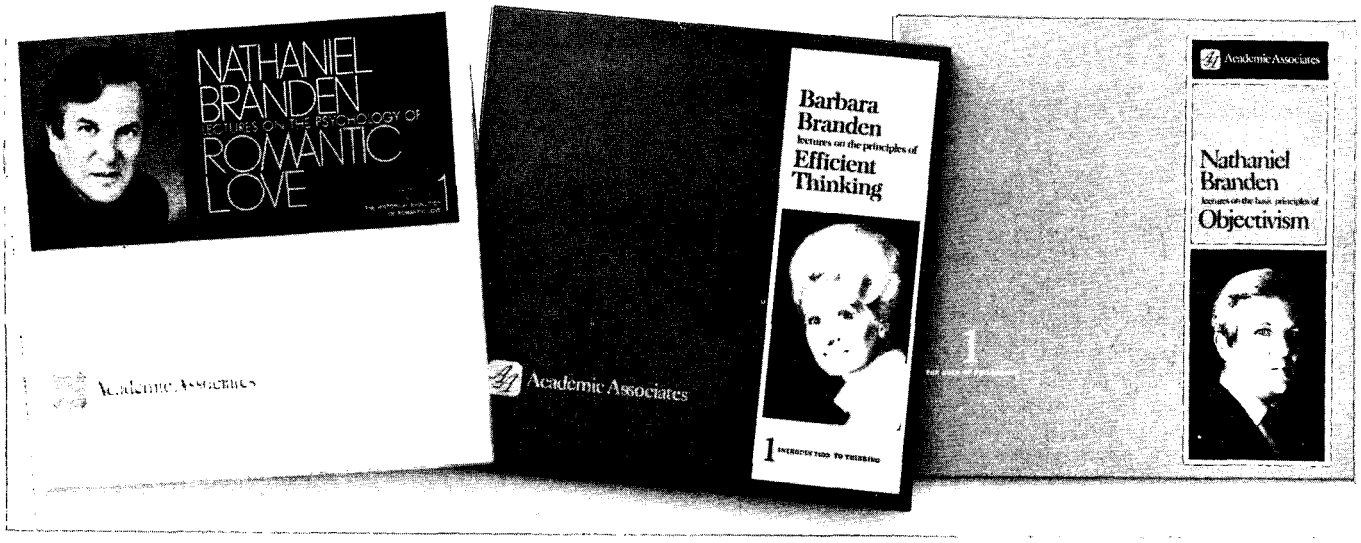

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15. Common Fallacies about Capitalism
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letters

ZONING ASSAULT COMMENDED

It is gratifying to read the interview with Bernard Siegan in *REASON,* April 1973 ["The New Approach to Planning: Non-zoning"]. As a young practicing planner, I am overjoyed to see someone of Siegan's stature mounting an empirically-backed assault on zoning. I only wish that such an attack had come within the planning profession.

REASON is to be commended for its excellent treatment of the land use problem. For several years now, *REASON* has presented innovative, market-oriented approaches to land use planning, transportation, and public services. I hope to see more in the future.

Jack Carraway
Waycross, Georgia

ABOLISH SOCIAL SECURITY

I was surprised to read in the April 1973 *REASON* (p. 38) a letter to the effect that I said that if elected president I would not discontinue taxation for such programs as Social Security. As usual, I was misreported. The truth is, as I have said many times, that I would do just what any other libertarian would do: get rid of all such programs at once.

The problem I *was* concerned with (and which the author of the letter never mentioned) was, what should one do about people who have already paid for many years into the program? If they get repaid, must it be out of taxation? If they don't get repaid, what do you do, simply call them suckers and say "Better trust somebody else next time"? After all, these people have been *forced* by government to put part of their earnings into social security, and the government has meanwhile spent their money; these people are victims, and do not deserve to be victimized a second time. Accordingly, my solution is: sell the government roads, sell the government post offices, sell the government schools, and all other government paraphernalia that it should never have had in the first place, to pay off those who have been the victims of this government coercion.

If the reader had heard even one of my speeches during the 1972 campaign, she would have known that this was my answer. She could also have found it on pages 388-391 of my book *LIBERTARIANISM.* But that would be too much trouble, wouldn't it?

"Perhaps," writes the author of the letter, "Hospers has forgotten already that the basic libertarian ethic is non-coercion." Well, which is more likely – that the person who wrote the Statement of Principles of the Libertarian Party at its national convention in June 1972 has already completely forgotten the contents of what he wrote, or that somebody is misreporting something?

John Hospers
L.P. Candidate for President, 1972
Los Angeles, CA

INTERVENTION OR ISOLATION?

Dr. Rothbard's premise in his *REASON* interview (February 1973), entitled "The New Isolationism," is that government is inherently evil and ought to be powerless. He deduces that isolation, therefore, is the proper function of government and the best foreign policy is NO foreign policy.

I submit that totalitarianism is inherently evil and that it is the proper function of government to provide for a national defense establishment commensurate with the military threat to our national security.

Dr. Rothbard finds collective security rhetoric to be a mask for an "Imperial interventionistic policy on the part of the American government . . ." Yet, there is no evidence of America initiating force in international relations or exploiting others as a result of a 20th century conflict.

The principle of collective security as a foreign policy is more rational than isolationism, given the *modus operandi* of the totalitarian powers. The U.S. cannot concern itself with defending only itself and leaving the world at the mercy of totalitarian thugs.

If Washington were to have taken Dr. Rothbard's advice, say since 1940, we would not have intervened in Europe against Nazi Germany or Asia against imperialistic Japan. We would not have helped to prevent certain Communist domination in Iran, Turkey, Greece, West Berlin, Philippines, South Korea, Taiwan, and Southeast Asia.

If Washington were to take Dr. Rothbard's advice today, we would unilaterally withdraw our military from all foreign bases. We would institute universal diplomatic recognition and "coexist" with dictators the world over (provided they chose to coexist with us).

Relevant to his ideas in the *REASON* interview, Dr. Rothbard's ideas expressed in his monograph *MYTHS OF THE COLD WAR* advocate taking the Communists at their word, accepting their "peace initiatives," ignoring their continual infiltration and aggression into foreign countries, and ultimately ignoring the distinction between initiating force and retaliation.

Dr. Rothbard is a brilliant and highly respected economist, but his arguments about international relations are specious. His hatred of government action of any kind and his disdain for collective security arrangements draws him into an alliance with those who sould have the U.S. unilaterally disarm and ignore aggression in foreign countries by Atillas and Caesars.

Given a world devoid of totalitarian powers, America can return to the luxury of isolation. But as long as world domination remains the objective of a few powers, the U.S. must sustain the wherewithal to meet that threat to its security with forthrightness and arms, if necessary.

E. Raymond Pastor
Katonah, N.Y.

DR. ROTHBARD replies: Mr. Pastor has bought the totally fallacious Wilsonian line that dictatorial governments are inherently more aggressive in foreign affairs than democratic ones. This is simply not true, in the 20th century or at any other time. His remarkable statement that "there is no evidence of America initiating force in international relations" is of course directly contradicted by his litany of American interventions in the last thirty years.

It is Mr. Pastor who blurs the vital line between initiation of force and retaliation by speaking of "continual infiltration and aggression". Where in the world is the "continual aggression"? In international affairs, the Communist countries have been remarkably pacific;

(continued on page 40)

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(continued from page 38)

none of the Communist countries of Eastern Europe has aggressed against any nation; neither has Cuba or China; and Soviet Russia's "aggression" into Eastern Europe was purely the result of its rolling back the tide of aggression that Hitler and his East European allies launched against Russia in June 1941. The only thing "continual" that we have is "infiltration," which is the Cold War mythology for the rise of domestic Communist and allied revolutionary movements *within* various countries. The mythology stems from the fact that Cold Warriors are always loath to concede the rise of Communist resistance movements *within* a country: hence the absurd search for outside puppet-masters.

I suggest that Mr. Pastor pause to consider his litany of alleged threats, and ponder this: would we have had to worry about the Russian "threat" if we had *not* intervened against Germany and Japan in 1941? There is scarcely an historian left who seriously worries about any Japanese "threat" in 1941, and as for the Nazis, I would commend to Mr. Pastor the excellent and concise new book by Bruce M. Russett, *NO CLEAR AND PRESENT DANGER,* for the spuriousness of that excuse for our global crusade.

ABORTION: FURTHER COMMENT

Rights, including the right to life, are qualities properly belonging to human beings. It is not enough to simply assert that an unborn being is *not* a *human* being.

If and when it can be clearly demonstrated that a fetus possesses that faculty which is the *source* of rights, volitional consciousness, it will then be appropriate to consider the question of the rights of the fetus.

In the meantime, this organization, and those, such as myself, who are authorized to speak for it, will continue to support the inarguable right of the adult, volitionally conscious, human female to dispose of her life and the products of her life as she wishes, without interference from any agency, be it government, fetus, or well-meaning pseudo-libertarian paternalists who have forgotton the origin of human rights and would sacrifice the interests of a human being to those of an unthinking blob of protoplasm.

Fr. L. Neil Smith,
Rational Libertarian Church
Fort Collins, Colorado

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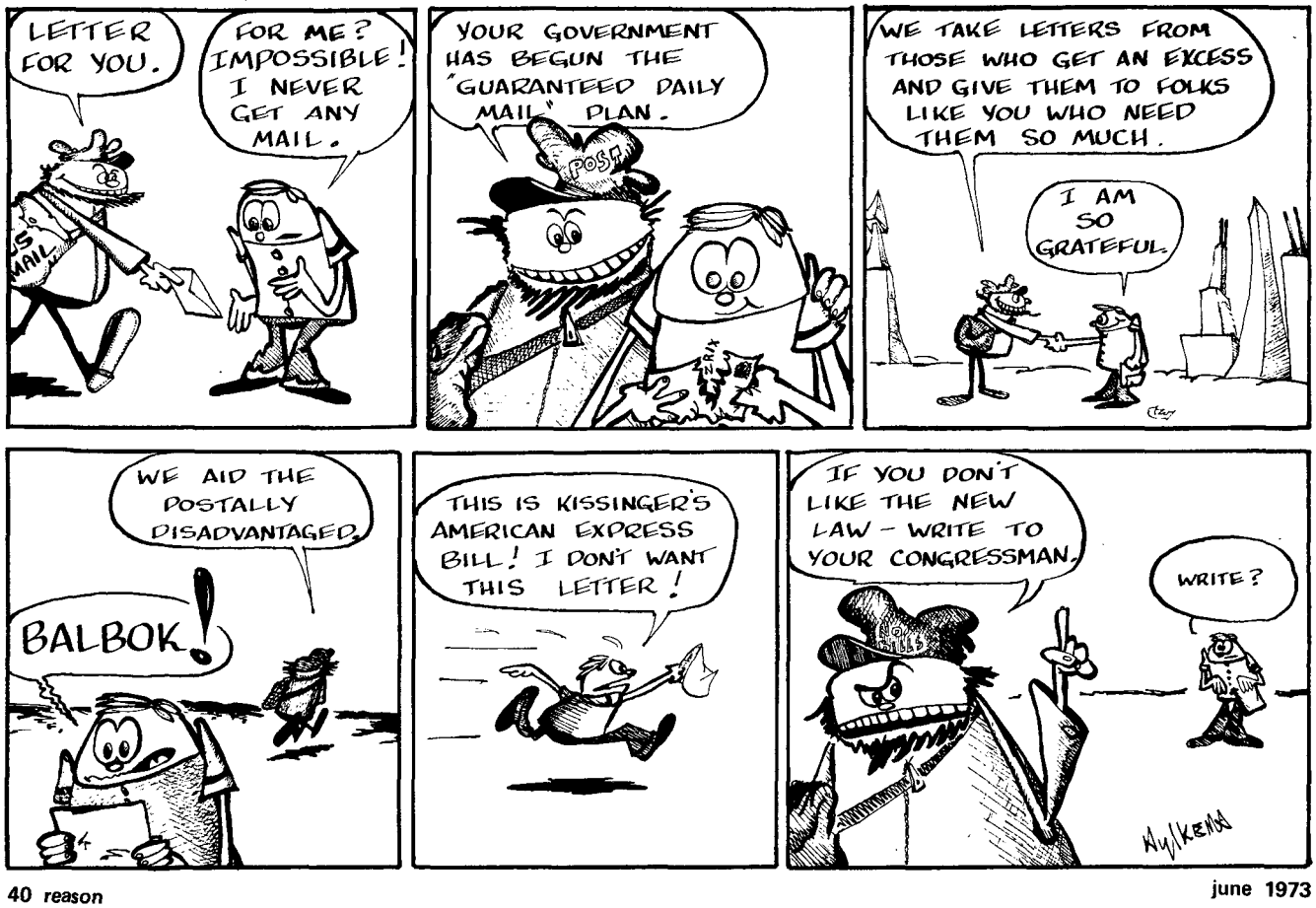
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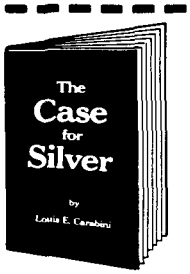

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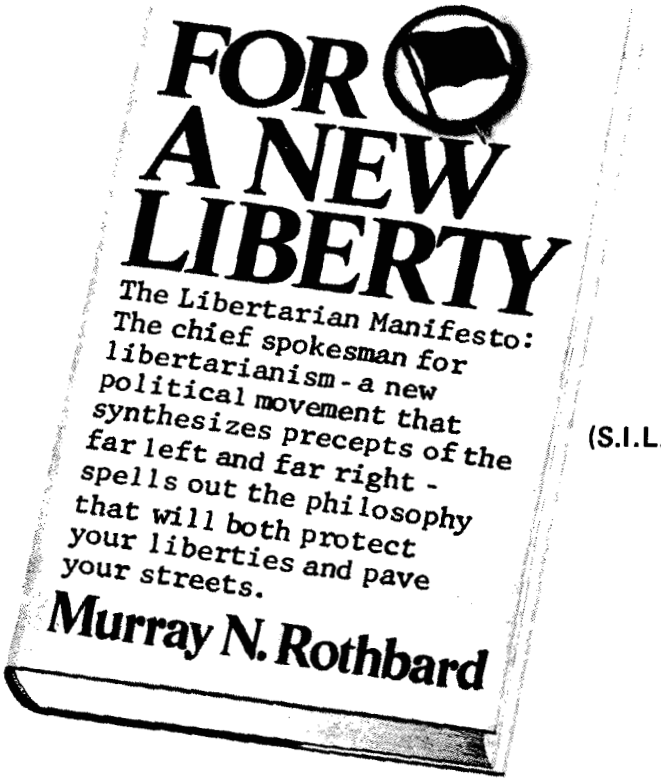
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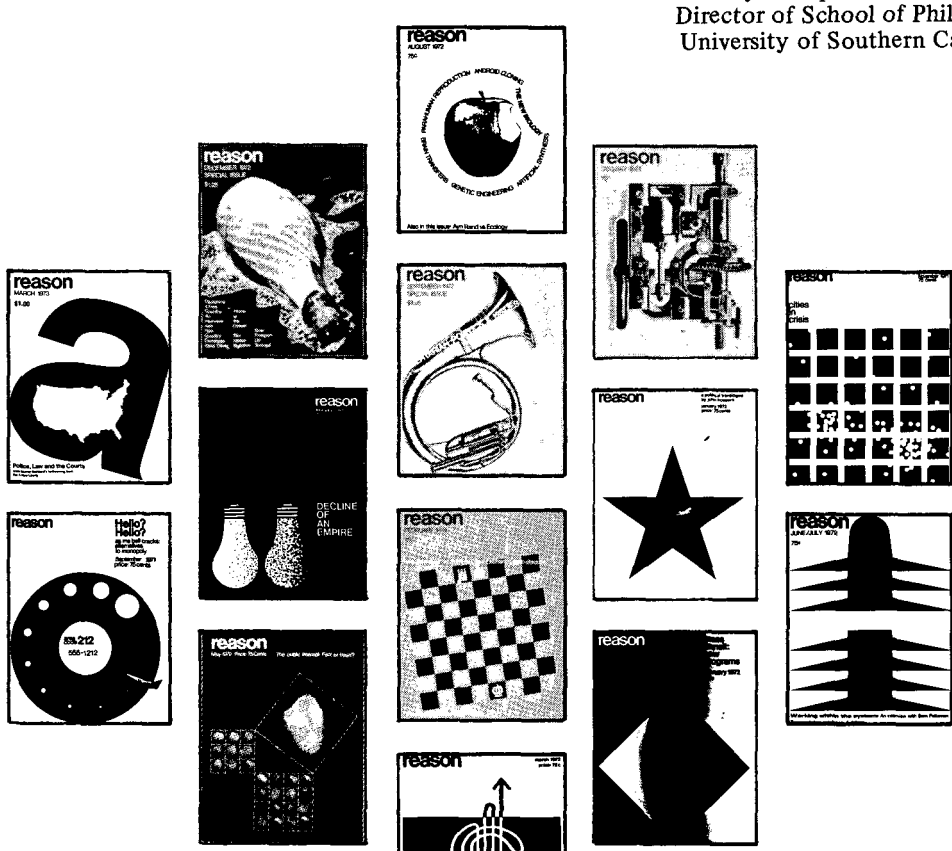

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